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SOUTH AND EAST ASIA REPORT

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SURGE IN NUMBER OF REFUGEES LEAVING VIETNAM

Kuala Lumpur BUSINESS TIMES in English 20 May 81 p 6

[Article by Ram Suresh in Hongkong]

[Excerpts]

GENERAL economic and social misery at home and virtual guarantee of a better life abroad are again driving an increasing number of Vietnamese to take the risky refugee route to South-East Asia this year.

Though the exodus is nowhere near the alarming levels reached in 1979, refugee arrivals are well up on 1980 figures, according to statistics gathered by *Reuter* correspondents in the region.

The United Nations High Commissioner for Refugees (UNHCR) said in Geneva last month that 15,000 Vietnamese had taken to the South China Sea in boats in the first quarter of 1981, slightly more than the same 1980 period.

But the five member-states of Asean and Hong Kong, which have borne the brunt of the Indochina refugee burden, have reported a big rise in arrivals since then.

Latest figures for the region as a whole were not immediately available, but well over 10,000 refugees arrived in the region in April, according to official figures from individual states.

Officials said in Kuala Lumpur that some 3,500

refugees arrived in the country last month, the highest monthly total since June 1979 and three times the March figure.

Thailand reported 10,488 arrivals so far this year against 21,459 for the whole of last year and Indonesian officials said 1,227 arrived in April alone, taking the 1981 total to 2,218 against 643 in the same 1980 period.

In Manila, the local UNHCR office said 1,930 Vietnamese had been picked up from boats in the South China Sea and brought to the Philippines so far by the US Navy Seventh Fleet and other ships compared with 400 in the whole of last year.

Mr Hoang Van Kluong, a South Vietnamese who fled his country in a small boat last February after four years in a communist re-education camp and arrived in Thailand recently, said:

"As long as the Free World keeps opening its hands to welcome the refugees, the Indochinese people will continue to escape."

A US refugee official in Singapore said the refugees would keep coming year after year as long as the West continued to accept them and it was pos-

sible to bribe officials in Vietnam.

Mr Hoang and refugees elsewhere said the normal cost of arranging an escape by bribing communist officials was now about four ounces of gold or between US\$3,00 and US\$4,000 per person.

Though there is some concern about the increasing numbers, refugee officials do not believe there will be a repetition of the 1979 exodus in which more than 200,000 people left Vietnam with authorities there seemingly turning a blind eye.

The officials believe that Hanoi is trying to stem the flow, though its navy patrols along the southern shores are apparently stretched.

"The refugees all say that the punishment for being caught attempting to escape or being caught in clandestine escape organisations have increased and that surveillance has also increased," one refugee official said in Kuala Lumpur.

Another factor which has led to confidence that 1979 will not be repeated is that most of the people now leaving Vietnam are ethnic Vietnamese.

A vast majority of the

people who fled the communist state in the late 1970s were of Chinese origin, who alleged they were being persecuted as Hanoi's relations with China worsened.

The refugees cited a variety of reasons for their flight from Vietnam, but the main ones continue to be inflation, food shortages and generally difficult life.

One Western refugee worker in Malaysia said that some 35 per cent of the refugees arriving now were males aged between 16 and 35, many of them escaping from compulsory military service.

Another official said: "There seems to be a general disillusionment among these people. It's not just economic. Many were fighting to get rid of Western imperialism and now they see in the south their compatriots oppressing them. They don't see any way of making their own way as southerners."

"The risk of being caught or dying at sea is very high. But the alternative is endless suffering in Vietnam," said Mr Huyen Van Tho, a 53-year-old former officer in the now-defunct South Vietnamese army and a recent arrival in Singapore. — *Reuter*

FIRST STEPS TOWARD REGIONAL GROUPING IN SOUTH ASIA

Kuala Lumpur BUSINESS TIMES in English 27 May 81 p 6

[Article by Dalton De Silva in Colombo]

[Excerpts]

SEVEN South Asian nations have taken the first step toward regional cooperation. South Asia, with its total population of nearly one billion, is one of the few important regions in the world still without its own regional grouping.

And the fact that the seven countries were able to meet together in a regional context was an achievement in itself. The countries are Bangladesh, Bhutan, India, Maldives, Nepal, Pakistan and Sri Lanka.

While these nations have many things in common they also have their differences. Among the common factors in their favour are a clearly definable geographical area, a similar historical and cultural heritage and the same elements in their development needs. They likewise all belong to the non-aligned movement.

But, at the same time, they also have serious differences on international and bilateral issues. For instance, India, the largest South Asian country, has a long-standing dispute with Pakistan over Kashmir. This led to war between the two countries in the past.

India also has a problem with Bangladesh over the sharing of the waters of the Ganges River. On some international issues, India does not see eye to eye with some of its neighbours. The questions of Afghanistan and Kampuchea are a case in point.

At the conference, the seven Foreign Secretaries decided to proceed step-by-step on the basis of careful and adequate preparation for an early realisation of their goal of regional cooperation.

Pakistan's Foreign Secretary Riaz Piracha pointed out that in two of the relatively successful experiments in regionalism — the European Economic Community (EEC) and the Association of South-East Asian Nations (Asean) — progress was slow before they reached the present stage despite a much closer identity of perceptions than exists at present in South Asia.

The Foreign Secretaries stressed the historic significance and importance of their Colombo meeting. They said it manifested the will of the seven countries to cooperate regionally because it is "beneficial, desirable and necessary."

At the outset the participants accepted a working paper circulated by Bangladesh as a basis for their discussions. The paper listed 11 areas for possible cooperation — telecommunications, meteorology, transport, shipping, tourism, agriculture, rural development, joint ventures, market promotion, scientific and technical matters, and education and cultural affairs.

After intensive discussions, including a session of

private consultations without aides, the Foreign Secretaries agreed to set up initially five study groups to examine the potential and scope for regional cooperation in five areas. These are agriculture, rural development, telecommunications, meteorology and health and population activities.

Five countries were appointed to coordinate the activities of the study groups: Agriculture (Bangladesh), rural development (Sri Lanka), telecommunications (Pakistan), meteorology (India), health and population activities (Nepal).

The Foreign Secretaries also decided to set up a committee of the whole composed of senior officials of the seven countries. The committee will identify and report on other areas of possible cooperation. Sri Lanka was appointed coordinator.

These groups, after conducting in-depth studies, will make concrete recommendations to another meeting of Foreign Secretaries scheduled within six months in Kathmandu, Nepal.

At their meeting in Kathmandu, the Foreign Secretaries will then examine whether a stage has been reached to recommend the convening of a meeting of Foreign Ministers of the seven countries.

The Foreign Secretaries considered whether any institutional arrangements should be set up to facilitate regional cooperation and agreed that this matter needed further examination. Some countries, including India and Pakistan, felt that it would be premature at this stage to set up an institutional framework.

Bangladesh, in its working paper, had envisaged an institutional arrangement with the heads of government of the seven countries meeting annually; a council composed of the Foreign Minister and a full-fledged secretariat.

As proposed by India's Foreign Secretary R.D. Bashe, the participants adopted some "ground rules" which would govern the regional cooperation exercise. They agreed that decisions should be taken on the basis of unanimity. They further agreed that bilateral and contentious issues should be excluded from their deliberations.

A joint communique issued at the end of the conference emphasised that regional cooperation should be based on and, in turn, contribute to mutual trust, understanding and sympathetic appreciation of the national aspirations of the countries of the region. Such cooperation should also be based on respect for the principles of sovereign equality, territorial integrity, political independence, non-interference in internal affairs of other states and mutual benefit. — Depthnews Asia

ASEAN OFFICIALS VIEW KAMPUCHEAN PROBLEM, INDIA'S ATTITUDE

Kuala Lumpur NEW STRAITS TIMES in English 21 May 81 p 14

[Article by Cheong Mei Sui]

[Text]

IS ASEAN inconsistent and divided over the Kampuchean issue? No way, says an authoritative Asean source. Asean is firm on its collective stand.

In fact, we even asked the Vietnamese in New Delhi (in February) if they would consider talking to us seriously about solving the question of Kampuchea, in any forum.

They said no, there is no such thing as the question of Kampuchea. We don't talk to you about Kampuchea.

From what this reporter could gather in New Delhi, it was a discussion with full respect; but certainly there was no reasonableness or flexibility on the part of Co Thach at that meeting.

On reports that Mr Co Thach apparently warned Malaysian Foreign Minister Tengku Ahmad Rithauddeen not to tell the Press that they discussed Kampuchea, a senior Malaysian official says laughingly: "What else could they have talked about."

Threat

"Over the years, we have found them (Vietnamese) very reason-

able; we have never found them more unreasonable than when Co Thach was talking to us.

"Unreasonable in the sense that the positions he took were very firm positions — irreversible positions. But more than that — there was an underlining use of threat which was not surprising in the case of Vietnam but surprising in the context of our contacts with Vietnam."

In Malaysia's bilateral contacts with Hanoi, both sides have disagreed on many things but the height of unreasonableness was the Co Thach meeting with Tengku Rithauddeen.

As the Press may have noticed, since that meeting, Tengku Rithauddeen has never spoken about going to Hanoi, or of meeting again with Co Thach in the near future ...

No bargain

Even in private conversations, the official says the underlying threat is there. Hanoi says: "What strength has Malaysia or Asean that can make the situation reversible. There is nothing you can do to

make the situation reversible. Do not misread the strength of our presence or our will."

These words had not been used with Malaysia before; the Vietnamese had always been polite, reasonable. They listen to your reasons and they give their reasons. "That is what I mean by being reasonable," says the official.

Another Asean senior official puts it this way: Asean is not bargaining with the Vietnamese.

As far as the freedom of the people of Kampuchea is concerned, it is not something we can bargain with.

"The Vietnamese have got to return the freedom of the Kampuchean people to them. Asean is just articulating that position. It is not appointed body of the world of which we are all supposed to be respected members, ensure that the field is not open for all the pseudo champions of the Kampuchean people's freedom.

"Asean is willing to play any constructive role that will bring this about."

In view of Hanoi's intransigent stand, Asean does not see Vietnam willing to remove that

compelling Vietnam to do it by force.

"We say there is a case for the return of the freedom. We say that this freedom will be determined by the Kampuchean people themselves. We say there should be no outside factors and we would be happy to join the international community to bring about the removal of those hurdles in a peaceful manner."

The Vietnamese are of course not willing to consider joining the international community to remove the hurdles so that the Kampuchean people can exercise their free will.

Says the official: "If India thinks we are worried about recognising Heng Samrin in a regional conference — in a procedural manner — they must be naive to think so."

Free will

"That is a question for the Kampuchean people, who are split in many ways. It is for them to see who is to be brought into the process of self-determination."

"If the Heng Samrin people are strong as they are made out to be

with the support of the Vietnamese, then no Kampuchean exercise of free will is complete without their participation."

But the important thing, adds the official, is that "we ourselves and others should not constitute the hurdles to bring about this possibility."

"Rather than leave the field open for everybody to be the champions of Kampuchea, let the United Nations, the hurdle — the biggest hurdle being the military presence.

"We ask them to remove it. The hurdle will be removed by peaceful negotiation and that is the negotiation where the rules of international law will prevail rather than basic jungle rule ...

"We say there are so many ways of approaching it. Let us sit down and consider. If you don't want even to sit down, how can you be regarded as more reasonable than the next chap?"

Asks the official: "Why should we confuse the matter? We are not confusing it. If India sees confusion it is entirely their own viewpoint. They have probably their own ways of

looking at things -- not seeing the forest for the trees."

On India's claim that Asean is using the dialogue (Asean-India) to get some political concessions from New Delhi (like delaying recognition of the Heng Samrin regime in Phnom Penh), the Asean official retorts: "What concessions can India give to Asean countries? Asean does not want any price from anybody, either in political or economic terms. Whatever she gets in political terms she earns. Whatever she gets in economic terms she earns, either individually or collectively."

"I don't think there's any idea of bribery here, we are not used to that language."

"Asean wants peace and stability within the present realities. Unfortunately, while one superpower has withdrawn to the fringes of the South-East Asian region, others have come in very quickly. Their excuse is the Kampuchean issue. They are solely motivated by their private differences."

Asean, says the official, is against the fighting of private wars by superpowers in the region.

"We have said that peace and stability must be premised on economic development, a higher standard of living, satisfaction of justice both in economic and non-economic terms for the peoples of this region. That is a very serious pro-

gramme of Asean.

"With many countries and with India, it is in this area that Asean is inviting them to co-operate with the grouping ...

"It is a sharing of the bounty of progress which we have agreed to accrue not only to ourselves but to all friendly countries, including India. I don't think there is any ambiguity in that strategy of programmes for Asean."

"If India would like to choose to interpret it otherwise, it is entirely India's inability to digest the progression of things in this region."

The dialogue that Asean holds with other countries are conversations with friendly countries. "What are the attributes of friendship?" asks a senior Asean diplomat.

He says: "It is very easy: you respect one another, first and foremost. If you disagree you still respect the opinion of the other. You do not go about talking against the other. You do not undermine the stature of the other. In other words you really give a lot of thought for doing or not doing anything which may undermine or hurt the other."

"Obviously, India had not, in Asean's view, given that much thought to the importance that Asean has given to some areas."

The Asean diplomat

says that India is entirely within her rights to evolve a relationship with Kampuchea in any way she pleases.

"Asean has not asked her to abandon that. What we have asked her is: Please do so in a manner which will not hurt us and India has not found it possible to do so. Is that friendship? I am not saying that we are abandoning the friendship."

Signals

"It is for India to convince us that she did not adopt a position of rough-riding on the issue of Kampuchea at the expense of the feelings of Asean, by being callous about it."

"Until now, in spite of what she has done or she has not done in New Delhi, Asean is not convinced yet that she has done that in deference to the thinking of South-East Asian countries."

A senior Asean official explains that Asean members are not saying different things. They are saying the same things in different ways.

He says: "I think there is a lot of ignorance on the process of Asean decision-making. I would imagine if the ignorance is expressed by Laos who seldom comes out of its shadowed position, I can accept it."

"But for a potential superpower like India, it is preposterous to misunderstand or to be unable to understand the process of decision-making of the Asean countries."

The official says that on any subject raised by any Asean country, it is

not an Asean subject until the five have met and agreed that it is an Asean subject.

Until that decision is taken, that matter remains the subject of that member of Asean, not an Asean subject.

"There is no automatic supranational issue in Asean, so that premise must be remembered in evaluating the statements made by any member country of Asean."

Is it true what India says: that Asean and the Indochinese States have agreed to hold regional consultations?

Replying, an Asean official says: "I'm afraid that India may have been given different signals by Vietnam."

"Certainly that signal was not sent to us. That was what they wanted, that was not what we propagated. There was no agreement as far as I remember."

A Malaysian diplomat who has served in Hanoi has this to say: "When I called on the Vietnamese Premier and the chairman of the National Assembly while I was in Hanoi, I told them that we in South-East Asia are very vulnerable, all our houses -- our countries, including the Indochinese countries -- are like houses made of glass. We can't afford to throw stones. All of them agreed."

"If the Indians feel that our houses are made otherwise, I don't know ..."

COCOS ISLANDERS WANT CLUNIES-ROSS FAMILY TO LEAVE

Government Asked To Help

Kuala Lumpur NEW STRAITS TIMES in English 23 May 81 pp 1, 32

[Article by Cyril Aris in Cocos Islands]

[Excerpts]

When the family first arrived, the islands were deserted. They introduced Malays to work for them and it is their descendants that now live there.

The Clunies-Ross family ruled the Malays like benevolent overlords.

They provided housing, medical needs and some education.

They paid their workers with plastic money and did not allow them to leave the islands.

If they defied the rule and left, they were not allowed to return.

The U.N. were called in to investigate and on Sept. 1, 1978 the Australian Government bought the islands for US\$4.28 million (\$14.4 million).

Mr Clunies-Ross had asked for \$35 million.

He was allowed to retain his home and the 12 1/2 acres surrounding it on Home Island.

When a ship drops anchor in the lagoon, the Malays will unload cargo for themselves or the government but will not touch freight consigned to Mr Clunies-Ross.

In March a ship brought sand and blue-metal for his house extensions. It left for Fremantle with the building material still in its hold.

Mr Clunies-Ross's son is expected to fly to the island in time for the ship's next visit to help with the unloading.

The chairman of the co-op, Alpan bin Puria, said today that the Clunies-Ross cargo would never be unloaded while he (Mr Clunies-Ross) remained on the island.

"We hope the government will decide to move him," he said. The Malays are also refusing to use their barges for unloading ships.

I asked Mr Alpan if there was hatred between his people and the Clunies-Ross family. He replied: "If you could hear our council talk you would say there was hatred."

"We have told the government how we feel and

we have asked the government three times to get rid of Mr Clunies-Ross."

When asked if the hatred could flare into violence, he said: "He has divided my people. We don't want to travel in two different ways."

Before Australia bought the Cocos Islands, about 700 Malays lived there. They were not allowed to leave. If they did leave they were not allowed back.

After the change over, about 300 left the islands for Malaysia and Western Australia.

The effect of this on the vast coconut plantations has been disastrous.

There are not enough people left to tend the plantations or collect the fallen coconuts. Most of the plantations are now run down.

When Mr Clunies-Ross was in charge, the plantations were yielding 350 tonnes of copra a year. Last year the figure was 230 tonnes and it could be down to 200 tonnes this year.

The Malay council is so worried it is offering to subsidise the fares of some families to return to the Cocos Islands.

Some Islanders Support Family

Kuala Lumpur NEW STRAITS TIMES in English 25 May 81 p 20

[Article by Cyril Ayris in Cocos Islands]

[Excerpts]

COCOS ISLANDS, Sun. — There is a substantial group of Malays on the Cocos Islands who would like the Clunies-Rose family to remain on Home Island and live in peace.

They say they are afraid of voicing their opinion "too loudly" for their elected governing council might take revenge by charging rent and making them pay for electricity.

The Malays living in the kampung on Home Island pay no rent and their electricity is supplied free from the generator owned by the co-operative.

The sharp division in the tiny community became apparent during a day's visit to the island by reporters from the West Australian and Channel Nine this weekend.

The reporters were allowed to wander through the kampung without restrictions and speak to whoever they wished.

We made many discoveries during our day on the palm-fringed island.

One is that three girls have bucked the system by refusing to work for the island co-operative.

They have defied their councillors and accepted work with Mr Clunies-Rose as house servants.

This means that they receive their wages direct from Mr Clunies-Rose and the co-operative gets nothing.

The co-operative has retaliated by charging them rent and asking them to pay for power.

It argues that it provides facilities for the people who contribute financially through their pay packets. If they do not contribute, they should not benefit.

Mr Not bin Geba, a carpenter and former chairman of the co-operative management committee, is one of the most vocal pro-Clunies-Rose islanders.

He said the council's decision to ask for the removal of the Clunies-Rose family was carried on a vote of eight to three.

He said: "I think Mr Clunies-Rose should be allowed to stay on Home Island."

He is not making any trouble for us. He is doing nothing wrong. I believe the old people like him. It is the council that does not like him.

"The old people would like to oppose all this trouble but they are not confident about doing so."

Mr Not bin Geba alleged that many of his people were afraid of the council.

Anger

"They feel that if they do not support the council it will punish them. They fear that the co-operative will expel them as workers."

He thought that about 50 islanders were in favour of Mr Clunies-Rose being allowed to stay on the island.

He said: "It seems that the council looks for things against him at every meeting."

But all the Malays we spoke to, including Mr Not bin Geba, said that they were happier working under the present system than under Mr Clunies-Rose.

They spoke bitterly of the long hours and the hard work under Mr Clunies-Rose's manager Jim Dixon. Their anger about the old system is directed more at Mr Dixon than Mr Clunies-Rose.

One of the measures under the old system that still rankles is the almost obligatory requirement for the women to take the contraceptive pill.

They were given a

month's supply at a time by Mr Dixon.

The chairman of the co-operative society, Mr Alpan bin Puria, said that his people were told that women who failed to take the pill and who had more than one child were told that their families could be the first to have to leave the island if the population grew too large.

International drama and petty politics are odd bedfellows on this island paradise.

The Malays who live here are a cheerful, friendly community which is why the present problems will never escalate beyond kampung chitchat.

Politics is unheard of on these islands. The people are intent only on keeping their traditions and earning a living.

Their elected council wants the Clunies-Rose family out but the people would rather forgive and forget.

The interior feelings of the council are definitely not reflected in the mood of the people.

Apathy is a quality easy to acquire on Cocos Islands. The humidity slows you down and the beauty lulls your senses.

That is why the council will find it hard to generate anger against the Clunies-Rose family.

Mr Clunies-Rose knows that the Government wants him out and he suspects it is because of pressure from the United Nations.

Undaunted, he is pressing on with his \$350,000 extensions. He is confident there is not the legal machinery to kick him out.

If there is action on these islands, it will come from outside, triggered to satisfy well-meaning people on United Nations committees. That is when the Malays will become pawns.

LABOR EXECUTIVES BARRED FROM COMPANY MANAGEMENT JOBS

Jakarta MERDEKA in Indonesian 18 Apr 81 p 1

[Text] Jakarta, Friday--In order to preserve the good name of the All-Indonesia Labor Federation/Field of Work Labor Association (FBSI/SBLP), the Central Executive Council of FBSI has ruled that executives at all levels of FBSI/SBLP may not occupy the position of personnel manager, manager and/or other positions in which they might either directly or indirectly represent companies in labor or labor association affairs.

Agus Sudono, the general chairman of FBSI, and Adolf Rachman, the secretary general, signed a directive Thursday in which it was stated further that executives at all levels of FBSI/SBLP may not act as labor consultants in company affairs. The directive also forbids labor executives from representing companies in business associations such as the Chamber of Commerce.

Secretary General Rachman said Thursday in his statement to the press that the order has been issued for the sake of preserving FBSI/SBLP's good name and reputation. He called on executives at all levels of FBSI/SBLP to faithfully heed the regulations. For those who do not, administrative action will be taken in accordance with each organization's level of authority, after warnings have been given three times.

The secretary general, who was accompanied by Abdy Kusumanegara, deputy secretary general, called on the general public, specifically business and labor, to submit well-documented reports if there are labor organization executives who disobey the orders or executives of FBSI/SBLP who "play around with the companies" at the expense of labor.

He also called on FBSI/SBLP executives at all levels to constantly take steps to control misconduct, accompanied by internal disciplinary actions, so that FBSI/SBLP's name is not spoiled because certain executives go out of bounds.

9793

CSO: 4213/71

LABOR OFFICIAL CALLS FOR LABOR COORDINATING BODY

Jakarta KOMPAS in Indonesian 22 Apr 81 p 12

[Excerpt] Jakarta, ANTARA--Agus Sudono, general chairman of the Central Executive Council of the All-Indonesia Labor Federation (FBSI), believes the time has come for the creation of a coordinating body that will deal with labor and manpower issues in the way transmigration problems have been handled. Labor problems should not simply be handed over to the Department of Manpower and Transmigration, but to other official bodies as well, Sudono told ANTARA.

The existence of a national council that plans for manpower affairs is very much needed right now, he said. Also, a national wage board that is given authority to investigate the pay of workers in all production sectors needs to be formed.

Because of the acceleration of national development, manpower and labor problems are becoming increasingly complex, Sudono said, and must be treated in a way that is "reasoned, fundamental, methodical and cooperative." In that way planning, execution and control will become part of the socioeconomic modernization process of the Indonesian people.

According to Sudono, it is normal for labor unrest to exist in a developing nation like Indonesia. It is the logical consequence of accelerating development. "But it is important that the rising unrest be controlled," he said, "lest a major labor upheaval should develop."

According to Sudono, the labor unrest which lately has shown signs of increasing, is caused by nine factors. First, companies have not consistently fulfilled existing labor agreements, such as law No 12/1964, Article 9. One of the things stated there is "workers are required to serve a 3-month trial period." But the fact is hundreds of thousands of workers have completed the trial period, yet their status continues to be "independent day laborers." Sudono said it is as if management has never heard about the regulations. The real question is, why hasn't the Department of Manpower and Transmigration taken any action.

The second cause for unrest is the imbalance between the existing work force and available jobs. The job market simply cannot absorb all those who are looking for work.

The third factor is the socioeconomic conditions of Indonesian workers, where 60 percent of the labor force is still receiving less than 600 rupiahs per day, the rest getting more than that. The Indonesian work force now stands at 59.5 million, one-third of whom are women, Sudono said.

Sudono cited Jakarta as an example where a single person living in the capital must have at least 7,936 rupiahs per month to meet the basic human necessities in the least expensive way. For a couple with 2 children, 63,063 rupiahs per month is needed; with 3 children, 77,584 rupiahs per month. Hence, 60 percent of the work force in Jakarta is considered incapable of satisfying the basic human necessities, Sudono said.

The fifth factor involves demographic conditions. Almost half of Indonesia's workers are between 15 and 25 years of age. The sixth factor is workers' education, which generally is better than it was 10 years ago, causing new social awareness and higher living standards.

Seventh, workers' skills in Indonesia are very low. Eighth, the Panca Sila Labor Alliance (HPP) is not yet fully operational. Finally, the ninth cause for unrest is the ingrained, quite common attitude among Indonesians that work in the government civil service is preferred over other jobs.

Sudono admitted there are voices of dissatisfaction in the labor force because of the manner in which disputes have been settled by FBSI. Just 8 years old, FBSI "assuredly has many faults." "We welcome constructive criticism from the general public," Sudono said.

He added that FBSI members pay monthly dues totaling 3 million rupiahs. The money is used to pay for routine expenses of the labor organization throughout Indonesia. In addition FBSI receives 3 million rupiahs every month in government assistance.

9792

CSO: 4213/71

LOW PAY, ILLEGAL PRACTICES SAID TO EXIST IN TEXTILE INDUSTRY

Jakarta KOMPAS in Indonesian 18 Apr 81 p 2

[Excerpt] Almost all of the approximately 200,000 factory workers in West Java's textile industry still live below poverty level, according to Uto Sutarno, vice chairman of the West Java Regional Leadership Council of the Clothing and Textile Workers Union/All-Indonesia Labor Federation (SBTS/PBSI).

Sutarno said that in 1980 the minimum wage for textile workers in West Java was \$17.50 per day. Then in 1981 the minimum wage rose by about 40 percent to 675 rupiahs per day. (sic) But based on last February's estimates, 2,850 rupiahs per day is needed in West Java for a family of four to meet the basic human necessities. A wage that size would only be enough for buying food to satisfy the 10,000 calories per day standard suggested by the Nutrition Directorate.

According to Sutarno, SBTS' Regional Leadership Council and the Textile Management Association have held discussions since 14 April concerning a plan to increase the wages of textile workers in West Java. When the two sides reach an agreement, their proposal will be advanced, via the Regional Wage Review Board and the governor of West Java, to the minister of manpower and transmigration in Jakarta. Only then will the minister issue a directive concerning the new minimum wage for the textile workers in West Java (the largest area for clothing manufacture in Indonesia, producing about 70 percent of the nation's total output).

Pay raises almost never have been clearly beneficial for the workers, because they have always been followed by price hikes for everyday living expenses. And those increases have been relatively higher than the pay raises. "The pay increases will only prove beneficial if followed by a lowering of prices. But such a thing has never occurred in Indonesia," Sutarno said.

In general, textile industry management has granted its workers the status of independent day laborers, even though some workers have been on the job for as long as 3, 5 or even many more years. This practice is not in accord with the regulations of the Department of Manpower and Transmigration, which has now set a trial period of 3 months for new workers. Workers who successfully pass the trial period must be accorded full-time status.

"If the textile workers frequently do not report for work or do not desire to work overtime," Butarno said, "the wage they receive is extremely small, below minimum wage. This is especially true for female workers who, because of their nature and disposition often 'can't report for work.' Yet, more women than men work in the textile factories."

9792

CSO: 4213/71

TRANSMIGRATION PROBLEMS, PLANS REVIEWED

Jakarta KOMPAS in Indonesian 18 Apr 81 p 2

[Excerpts] The current imbalance between program expenditures and the availability of funds for preparation of transmigration settlement areas constitutes the greatest obstacle to reaching the target of a half million family units during the Third Five-Year Development Plan, according to Ir Sudarsono, director of PTPT (Land Preparation for Transmigration Settlements). The only hope for reaching that high goal, he says, is for funds to be granted in excess of the budgeted amount.

In his statement to reporters Sudarsono admitted that much of the work of preparing land areas for settlement is behind schedule. But that is not the only problem. He said program completion is also hampered by disputes over proposed settlement lands in those forest regions where companies already hold timber concessions or local residents own property rights. Furthermore, a lack of experience in opening up new settlement areas is one of the problems causing delays. When PTPT began to function in 1979, all contractors involved were totally inexperienced.

Sudarsono said moving 500,000 family units from Java during the 5-year period is an enormous task. But it pales when viewed from the perspective of a population growth rate averaging 2.34 percent a year from the current population of 140 million (90 million on Java alone).

To reach the goal, PTPT's program calls for continually opening up land areas from fiscal 1979-80 through 1983-84, preparing plots for between 50,000 to 150,000 family units by the close of each year. In all, 125,000 hectares of lands are to be readied for cultivation and 625,000 hectares are to be prepared for planting. Each family unit in dryland areas receives 1.5 hectares of land ready for planting and in wetland areas 1.4 hectares of land cleared for cultivation. In addition, family units are each given 1 hectare of forest land which they must clear themselves.

Apart from land preparation, PTPT is also responsible for building 5,000 km of connecting roads, 10,000 km of main roads and 15,000 km of village roads.

Altogether, the program will involve about 460 contractors at 658 locations. According to plans, the best contractors are to be granted new long-term agreements. Sudarsono said that usually preparation of the sites can be completed in

6 months. He further explained that to guard against the destruction of the topsoil, work slackens off during the rainy season. Under ideal conditions, work begins around April at the beginning of the dry season.

Answering a question about the large amount of tree roots in the yards of the settlers, particularly in wetland areas, Sudarsono said that actually they were left that way intentionally. If the roots are removed, the topsoil might be destroyed, but if they are let alone, they will eventually rot from exposure to the rain. Apart from that, trees whose diameter is more than 30 cm are not to be cut or uprooted in order to preserve the soil.

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CSO: 4213/71

CONDITIONS AT GALANG REFUGEE CAMP REPORTED

Jakarta SINAR HARAPAN in Indonesian 28 Apr 81 p 2

[Excerpts] A comparison study has shown there are more births than deaths at the processing camp for Vietnamese refugees on Galang Island, probably a result of adequate diet and lack of work.

So reported "Dr Harry," head of the Galang hospital, last Thursday after receiving a visit by Dr Suwardjono Surjaningrat, Indonesia's minister of health, who was accompanied by Dr RBM (expansion unknown) B. Ratanaroh, MPH (Master of Public Health). The two men were making a series of working visits for 2 days in the Riau Archipelago.

The hospital chief reported that it is difficult to administer a controlled family planning program on Galang because the refugees are there for only a limited time. Actually, the temporary residents are reluctant to have children.

In general, refugees experience frustration and suffer from bouts of malaria. Five percent of the refugees seek medical attention every day.

Once every 2 weeks there is an attempted suicide.

The pill is the most sought-after contraceptive method. Tens of thousands of condoms are available, but no one asks for them. A birth occurs once every 2 days.

Refugees might leave the island after 2 days or after 7 months, says Maj Kasmir Rachmat, commander of the Security Task Force for the Galang Processing Center.

Before they are relocated in a third country, refugees on Galang were taught various skills like pattern cutting and sewing, typing and English. In addition to Indonesian workers, many of their fellow refugees are their teachers.

At present most of the residents on Galang are youths. These young refugees from Vietnam and Kampuchea said to SINAR HARAPAN that no matter what happens in the future, they will never forget the kindness of the Indonesian people and what has been done for them.

Each refugee receives a food ration package once every 3 days, consisting of rice, sugar, salt, beans, coffee, instant noodles, pepper and canned foods.

Once every 3 days they are given fresh vegetables. Cooking oil is provided once a month and kerosene once every 10 days. Newborn infants a week old also receive a ration, according to a member of Maj Rachmat's family.

From the time the processing center was opened approximately 2 years ago, 54,000 refugees have entered and 45,000 have been processed for travel to a 3d country, according to the police major.

At present there are 9,117 refugees on the island. This figure can rise or fall every day, depending on arrivals and departures.

The refugees consist of Vietnamese, Lao and Kampuchians. They have come to the island via Singapore, Malaysia and Thailand, and there are those who have entered Indonesia directly.

9792

CSO: 4213/71

RED CROSS ENDS EMERGENCY RELIEF TO EAST TIMOR

Jakar SINAR HARAPAN in Indonesian 30 Apr 81 pp 1, 12

[Excerpts] David Delapraz, regional delegate for Southeast Asia of the International Committee for the Red Cross, said Wednesday afternoon that the period of emergency assistance to East Timor administered jointly by the International Red Cross and the Indonesian Red Cross was officially completed on 15 April.

He explained that the activities of the Geneva-based international organization began to be directed to East Timor in April 1979, although the formal agreement with the Indonesian Government did not go into effect until 15 October 1979 for a 6-month period. That agreement was then renewed every 6 months until 15 April of this year.

During the 18-month period, operating costs totaled approximately \$12 million (the exact amount being difficult to determine because bookkeeping entries were calculated in Swiss francs, which fluctuated at the time against the dollar). A large budget outlay was for transportation, which included the use of four helicopters and one airplane.

Delapraz said that during the emergency period which was handled jointly with the Indonesian Red Cross, relief activities were concentrated in 14 subdistricts. More recently, because of the improving situation, only 5 subdistricts received special attention. Total population in the 5 subdistricts is 37,586.

After three harvests, corn stalks are now considered to be sufficient and stable. Corn is the chief sustenance in that region.

According to Delapraz, the formal joint agreement with the Indonesian Government ending on 15 April indicated that the period of emergency relief in East Timor has been completed. That does not mean, however, that the International Red Cross will be totally free of responsibility.

A period of consolidation is now in order, he said, and a joint program is currently being prepared with the Indonesian Government. "The outcome, of course, will depend on the amount of funds remaining in Geneva and the possibility of obtaining additional funds from donors," he said.

An International Red Cross worker is to act as a go-between in Jakarta.

9702

CSO: 4213/71

PEN SOVANN LITTLE KNOWN AMONG GENERAL POPULATION

Kuala Lumpur BUSINESS TIMES in English 20 May 81 p 6

[Article by Denis Gray in Phnom Penh]

[Text]

MR PEN Sovann, a shadowy veteran of revolution with solid pro-Vietnamese credentials, is expected to emerge as Kampuchea's strongman when the Phnom Penh regime unveils a new government set-up and a communist party over the next few months.

Kampuchean government officials say Mr Pen Sovann, 43, who took up arms at the age of 14 to fight the French colonialists, holds the key to power as head of Kampuchea's still-secret Communist Party. He is also widely believed to be the most likely candidate for the presidency of the State Council, a new position which carries with it the command of the armed forces.

This triple role in the party, the military and state machinery would place Mr Pen Sovann way above a motley leadership group which owes its position and power to Vietnamese forces which toppled the regime of Premier Pol Pot in early 1979.

This group includes pro-Hanoi communists like Mr Pen Sovann, Pol Pot followers like President Heng Samrin who defected not long before

the Vietnamese invasion, and, at the lower levels, those who served in the US-backed government of President Lon Nol which fell to Pol Pot's army in 1975.

The few non-communists who have met Mr Pen Sovann say he appears uncomfortable in dealing with foreigners but exhibits considerably more intelligence and grasp of issues than Mr Heng Samrin who has been generally described as very unimpressive.

Western Indochina watchers also note that he is probably more trusted by the Vietnamese and less tainted by association with the Pol Pot than men like Heng Samrin who only defected to the anti-Pol Pot forces in May, 1978.

Although Mr Pen Sovann has held power for 38 months and stood as a candidate in general elections held here May 1, the thin, bespectacled leader is little known among the general population and the regime has made no attempts to fill in the large gaps in his official biography.

The official biography says he was born in 1934

of poor peasants in the southeastern province of Takeo. Fired by the revolutionary ideal at age 14, he fought courageously in southwestern Kampuchea against the French, the biography says.

Although the biography is almost silent about the 1954 to 1970 period, it is almost certain that Mr Pen Sovann was among those Kampucheans selected to receive military and political training in communist North Vietnam. Like others in the current Phnom Penh regime, Mr Pen Sovann is fluent in Vietnamese and is believed to have a Vietnamese wife, things cited by many Kampucheans, especially refugees, as proof that the Phnom Penh regime is Hanoi's puppet.

The biography says only that he studied at a higher military college, served as an assistant division commander in the war against US-backed governments in Indochina and worked in Hanoi 1970-73 for the radio of the National United Front of Kampuchea.

On Jan. 8, 1979, a day after Vietnamese forces took Phnom Penh, he was

elected vice president of the People's Revolutionary Council, charged with heading up national defence.

The council and a National United Front for the Salvation of Kampuchea is to be replaced within the next two months by a National Assembly, a Council of State and a Council of Ministers. A Constitution to be adopted by the assembly spells out that the Communist Party, as in other communist countries, will be the main political force.

The Phnom Penh regime hopes to both consolidate its power internally and to legitimise itself before an international community which still recognises the Pol Pot regime in the United Nations.

Also expected to rise in the power hierarchy are Mr Bou Thang, who has been in charge of political education, Mr Day Phou Thang, president of the central organising committee and possibly a key go-between for Vietnamese advisors in Kampuchea, and Mr Yos Por, the secretary-general of the National United Front. — AP

CHINA BLAMED FOR MOST OF COUNTRY'S PROBLEMS

Kuala Lumpur BUSINESS TIMES in English 21 May 81 p 6

[Article by Bernard Melunsky in Phnom Penh]

[Excerpts]

A VIVIDLY coloured poster displayed on many walls in Kampuchea depicts a sinister Chinese figure using Khmer Rouge Premier Khieu Samphan as a glove puppet performing over a mound of skulls.

The theme reflects the commonly expressed view among officials here that China is to blame for most of Kampuchea's ills, past, present and future.

While many outside analysts still find it difficult to comprehend how the Khmer Rouge revolution could have occurred in a country of such reputed gentleness, Kampuchean officials see it in straightforward geopolitical terms.

"If you could ask the Chinese you would get an answer," said one official. "It is not a question for a psychiatrist because they (the Khmer Rouge) planned everything."

China is blamed for the Khmer Rouge "betrayal" of the revolution that followed the American-backed Lon Nol government's rule. It is blamed for supporting the Khmer Rouge and other guerrillas at present and for planning to destabilise the country by promoting a united resistance front, including the Khmer Rouge and Prince Sihanouk, and in other undefined ways.

Indeed, the continuing "Chinese threat" is given

as the reason for the continued presence of 300,000 Vietnamese troops — the most important factor regulating the future of Kampuchea.

As long as Vietnamese remains here in strength, it is hard to see how the pro-Hanoi leadership can be challenged and how Kampuchea can go any other way but into stricter communist rule inside a close-knit Indochina alliance with Vietnam as the dominant force.

A new constitution will soon come into force recognising the Communist Party as the driving force of the revolution. Before this, a party congress will be held — possibly this month or next — to make quite clear where Kampuchea stands in ideological terms: solidly on the side of Vietnam and other pro-Soviet parties.

Because of the embarrassing fact that Pol Pot also headed a communist party, the present party has taken some time to surface and the extent of its membership and support are unknown.

Foreign sources here say members have been designated from above and that party cells have been formed in most ministries. The party secretary-general is Hanoi-educated Defence Minister and government strongman, Pen Sovan.

The sources believe

dissent is not tolerated and that hundreds of people have been taken away without explanation possibly for political education or perhaps other detention.

Like most controversial matters — including the security situation, the numbers of Vietnamese and Soviet advisers and the strength of the party — figures on the number of people who might be described as political prisoners seem impossible to obtain from officials.

The Mayor of Phnom Penh, Chan Ven, would only say that most of the prison population was undergoing political re-education and that Kampuchea had a two-fold penal policy: "soft for the people but severe for the enemy."

But Phnom Penh is busy city of mainly bicycle traffic in which the lives of people are made more palatable because of a thriving free-enterprise market with goods mainly smuggled from Thailand.

Mr Chan Ven said that while the population of Phnom Penh would have to be limited to 300,000 — its present size is officially 254,000, though relief agency sources give much higher estimates — there are no plans to restrict commercial activity.

"Without commerce, there is no life," he said in an interview.

Now that the food emergency of 1979 and early 1980 is clearly over — a fact acknowledged by relief agencies and reflected in visible improvements in the physiques of children and adults compared to a year ago — the thoughts of many Kampucheans have turned from survival towards comfort.

The existence of a thriving free market in a rigid communist society is a contradiction not likely to be explained away in the orthodox Marxism which Kampucheans can expect as their routine ideological diet.

Some may find it difficult to swallow, but acceptance of the current Kampuchean reality is seen by many people as a necessity for survival, especially since they believe the alternative to Vietnamese-backed rule is the return of the Khmer Rouge.

Asked if he was a communist, one official replied: "We are here — and everyone here is a communist. We are all the same because we have all struggled to survive (during the Khmer Rouge regime)." —

Reuter

UNITED FRONT SEEN AS SOURCE OF POLITICAL PROBLEMS FOR HANOI

Kuala Lumpur BUSINESS TIMES in English 29 May 81 p 6

[Article by Catherine Campbell in Bangkok]

[Text]

KHMER Rouge guerrillas appear to have their firmest foothold in Kampuchea since Vietnamese-led forces toppled their democratic Kampuchea government in January, 1979, western diplomatic sources said here.

But the military deadlock between the 30,000 to 60,000 guerrillas and the 200,000-man Vietnamese occupation force is unlikely to be broken by either side, the sources said.

If the much-discussed possibility of a coalition among anti-Vietnamese Kampuchean guerrilla forces came about it would cause political rather than military problems for Hanoi, the sources said.

"The key element in the strategy of forming a coalition is to promote political opposition to the Vietnamese in Kampuchea and gain international diplomatic support," the sources said.

A majority in the United Nations still recognises the ousted democratic Kampuchea government despite international repugnance at atrocities committed during the four-year Khmer Rouge rule and widely-expressed fears by Kampucheans in and out of the country of their return to power.

A united front of the communist Khmer Rouge plus the non-communist Khmer People's National Liberation Front (KPNLF), led by former Kampuchean Premier Son Sann, and the Moulinaka forces of the exiled former head of state Prince Norodom Bihanouk, could win continued UN recognition, particularly if the tarnished Khmer Rouge leadership was shunted aside.

But such a joint force probably would not alter the military balance against the Vietnamese, western sources said.

Although the Khmer Rouge obviously would benefit from a coalition they have made clear their contention that while other groups were talking about joining forces, the Khmer Rouge were doing the fighting.

Earlier estimates of the strength of the non-communist forces should be revised, however, western sources said.

The KPNLF have been recruiting and training and now have about 8,000 troops both in the interior and along the Thai-Kampuchean border, the sources said.

The Moulinaka probably had about 1,000 men under arms but were training others along the frontier, western sources said.

"If they get weapons many more people will be ready to fight," the sources said.

They said arms were not a problem for the Khmer Rouge who before the 1979 invasion had enough

weapons for an 80,000-man army.

"The Khmer Rouge are stronger now than at any point in 1979 in terms of territory or access to it," the sources said.

"In mid-1979 they were on their backs, but there was no Vietnamese dry season offensive in 1980 or this year so this has given the Khmer Rouge a great deal of time."

But the Khmer Rouge have not increased their numbers, the sources said. "They still are estimated at between 30,000 and 60,000 armed fighters, with popular support of about 100,000. There has been no turning of sentiment toward them." Democratic Kampuchea Deputy Premier Ieng Sary said last week the Khmer Rouge had 60,000 fighters plus another 80,000 civilians ready to take up arms. But western diplomats believe their recruitment base is large enough only to replace minimal losses.

Consequently, they have been wary of large-scale confrontations, preferring ambushes by small groups of guerrillas of sabotage of roads and rail lines.

Guerrilla activity has made through the northern province of Stiem Rep, virtually unuseable by the Vietnamese, the sources said.

Ieng Sary said the Khmer Rouge battle plan called for the cutting of three other main routes and an assault on major towns beginning in 1982. But western sources said this was "pretty ambitious."

The Vietnamese can maintain road communications, protect farmlands and population clusters, the sources said. "They are unlikely or unwilling to sacrifice a lot of men."

"In philosophical terms there are 'liberted areas' in Kampuchea which the Vietnamese could not disrupt without great losses.

But they described exaggerated Khmer Rouge maps showing a guerrilla presence in almost the entire country except for a small area near Phnom Penh, the capital.

Along Kampuchea's border with Thailand, however, the Khmer Rouge are trading with Thais, the sources said.

Vietnam must also face the problem of an increasing number of deserters from its 700,000-man army, the sources said.

They have problems not of finding manpower but of keeping it. Many Vietnamese refugees are young men of draft age. "The morale problem in the Vietnamese army is enormous and the Khmer Rouge are counting on it," the sources said. — Reuter

DATUK MUSA HITAM STILL QUALIFIES AS A 'YOUNG TURK'

Kuala Lumpur BUSINESS TIMES in English 16 May 81 p 6

[Text]

THE best known quality of Datuk Musa Hitam is his frankness. He makes no secret of his opinions and talks freely about the "private Musa."

Once when he was the Minister of Primary Industries, he stunned a group of journalists by announcing that he had separated from his wife and left it to them to decide whether to publish the fact in their newspapers.

At a recent meeting of one of Umno's divisions in Kuala Lumpur, he confessed that he was not thinking of remarrying as the people would think that he was acquiring a wife for political reasons.

Born in Johore on April 18, 1934, he was once described as a "Young Turk". He says he would not disown that tag, adding that "any young man who aspires to be in politics has to be vocal, critical and analytical."

Datuk Musa has been all three. He is conscious, however, of the growing political maturity of the Malays. He says that people are now more sophisticated than before, and the politicians should change their approval accordingly.

"At one time people followed charismatic leaders without raising any questions. But now

most people can think about issues and their implications for themselves."

Datuk Musa holds the education portfolio, which has been the traditional stepping stone to premiership because of the central political importance of education. Datuk Seri Dr Mahathir Mohamad, Datuk Hussein Onn and Tun Razak held that portfolio in earlier years.

His political career has a parallel with Dr Mahathir's. Datuk Musa was dismissed allegedly for breach of party discipline by the then Prime Minister Tunku Abdul Rahman in August 1969, the same year in which Dr Mahathir was expelled.

He made his exit from the political scene following a showdown in the party between the so-called "Young Turks"

and the "Old Guard" led by Tunku Abdul Rahman. Datuk Musa was voted out for his outspoken comments against Tunku's policies.

He first stood for elections in 1968 against Mr Lee Ah Meng, chairman of the Johore DAP. Datuk Musa won the Segamat Utara seat with a majority of 1,784 votes. He retained the seat in the 1969 general elections.

He contested the Umno vice president's post for the first time in 1976 and won by 699 votes. He received the victory

"with mixed feelings — a feeling of pride and a sense of the heavy burden of responsibility."

His rise in the Umno hierarchy has been smooth since his return from England in 1970. He left to study race relations at Sussex University in 1969 after being thrown out of the party.

In 1971 he was made chairman of Felda by Tun Abdul Razak. Datuk Musa had, before his departure for England, worked with Tun Razak as his assistant Minister. Tun Razak was then Deputy Prime Minister.

As many see it, "Young Turk" has not been tamed and continues with the same vigour and zest that he displayed in his early career. He was one of the youngest to serve as Umno's secretary general in 1968. He has also served as deputy president of Umno Youth.

Besides holding the education portfolio, Datuk Musa has also served the country as Minister of Primary Industries in 1974 — his first appointment as a full Minister. He was Deputy Minister of Trade and Industry in 1973, when he led investment missions to United States and Europe to provide a personal touch in the hope it would have greater impact than the glossy brochures that extolled the virtues of Malaysia as an investment haven.

MAHATHIR DESCRIBED AS ADMINISTRATOR FIRST, POLITICIAN SECOND

Kuala Lumpur BUSINESS TIMES in English 16 May 81 p 6

[Text]

AT THE peak of campaigning for the 1980 general elections, PAS canvassers warned party members and supporters against seeking medical treatment from a certain Maha Clinic in Pekan China, Alor Star. The story was spread that should the chief practitioner there discover that they were Pas members, he would administer a lethal injection to them. That chief practitioner was none other than Dr Mahathir Mohamed.

He was an Alliance MP for a constituency then known as Kota Bharu Selatan. He was seeking re-election from it and was a pitched against Haji Yusof Kawa, presently Pas deputy president.

He was then the only Bumiputera-run private clinic in Alor Star and was very popular among the kampung people who were being gradually introduced to modern medicine.

When he failed to retain his seat, political analysts were convinced that he lost because he ignored their advice, i.e. to focus on religious issues as much as possible and quote as frequently as possible from the

Koran and the Hadis regardless whether or not the citations were appropriate.

From the point of strategy, the analysts were right. Pas campaigners did just that. But apart from his unwillingness to be drawn into the "free-for-all" use of Islam for political gain, the non-Malay voters, the bulk of them Chinese, were also convinced that it was not in their best interest to vote him in.

He was seen as anti-Chinese because he often lamented how poorly the Malays had fared in the economic field, and that the wealth of the country was concentrated in other races. Pas was quick to capitalise on this resentment. It not only drew the non-Malay votes away from Dr Mahathir but got some for itself.

Following the May 13 outbreak — a few days after the general elections on which the ruling Alliance suffered the worst blow in its history — Dr Mahathir got back to his clinic, treated whatever patients he had left and wrote a book.

The Malay Dilemma was an over-night suc-

cess and was soon banned.

Is Dr Mahathir against the non-Malay? It is an unfair question to ask. Since his so called "rehabilitation" (following his return to Limbo after period of expulsion) and in particular since he was made a Cabinet member in 1974 by Tun Razak, any accusation of "ultra-ism" against him is totally unjustified.

His only "crime" was perhaps that he tried to bring into the open in a manner not done before, an issue critical to the survival of the country. He was very outspoken about the precarious situation the Malays were in economically before the implementation of the New Economic Policy.

Dr Mahathir in particular since his elevation to the post of Deputy Prime Minister, is an administrator first, politician second. As far as foreign investment is concerned, he is the country's Number One salesman.

A close aide once lamented that Dr Mahathir appears to want to do everything to the point that he will say "yes" to almost all invitations either to officiate at a factory opening, inaugurate

a film festival, attend an annual dinner of some association or even a fashion show.

It cannot be denied that but for his relentless efforts at home and abroad, foreign and local investments would have not recovered so rapidly from the misgivings that arose in many minds following the promulgation of the Industrial Coordination Act and the Petroleum Development Act in the mid-1970s.

As for his grooming for the highest job, a parallel can be drawn between Dr Mahathir and the late Tun Razak. After May 13, Tunku Abdul Rahman concentrated his effort on a goodwill campaign, trying to patch up the rift between the races, leaving the day-to-day affairs of the country to Tun Razak.

Similarly for Dr Mahathir. Due to the poor health of Datuk Hussein Onn in recent months, Dr Mahathir's task has been heavier than what would normally have been the case. But he has no cause to complain about the rigorous apprenticeship. It will certainly serve him well in the years to come.

PARTY CROSSOVERS CHARACTERIZE POLITICAL SCENE

Kuala Lumpur BUSINESS TIMES in English 21 May 81 p 6

(Article by Tan Siok Choo)

[Excerpt]

JUDGING from the recent epidemic of members of one political party crossing over to join another, recruitment drives for new members would hardly seem necessary.

The Malaysian Chinese Association (MCA) is the biggest beneficiary of the squabbling afflicting political parties at present. To date, it has gained two parliamentary and two State Assembly seats in Penang with one State Assembly seat in Perak as well as the followers of these MPs and State Assemblymen from the Gerakan Rakyat Malaysia and the Democratic Action Party (DAP).

The most prominent example is Dr Tan Tiong Hing, until recently the Gerakan's chief of the Federal Territory branch, who resigned because of alleged differences with its party leaders.

With his cross-over to the MCA, the party he left in 1973 for the Gerakan, he was one of the first to leave a component party of the National Front for another.

Since the resignation of a single MP or State Assemblyman or branch chairman tends to trigger a spate of resignations by his supporters, Dr Tan's move was accompanied by a mass resignation of the Gerakan PT leadership except Senator Alex Lim and members of the Pans and Pan.

The Gerakan can, however, take comfort from the fact that its membership is likely to be swelled by the 61 expelled by the MCA in March this year including the former Health Minister Tan Sri Lee Sook Yew and former Deputy Communications Minister Datuk Wong Seng Choo for "persistently flouting party discipline and subverting party unity."

There is also the possibility that former Housing and Local Government Minister Datuk Michael Chen, may leave the MCA and join the Gerakan, particularly in the wake of the recent forthright opinion of those who are believed to be his supporters.

The only party which has not gained any new recruits as a result of these upheavals is the DAP, which has been steadily hemorrhaging since its defeat in the Ponghaleh Kots by-election in November last year. It has not only lost representatives of parliamentary and State Assembly level, but also large numbers of its members.

This is a serious blow to the party since it has fewer than 50 members in Parliament and less than 50 in the various State assemblies. These defections, whether voluntary or involuntary, have cut its representation at both national and State levels drastically.

The spectacle of a member of a political

party crossing over to another party is not unique to Malaysia. It is endemic to all countries where there is more than one political party. What is surprising, however, is the multiplicity of cross-overs in this country and the acceptability of such a practice as shown by the fact that these "recycled" members are integrating readily into the hierarchy of the new parties they have joined. The danger, however, is that frequent changes in party affiliations, particularly multiple cross-overs by a single member may have the effect of blurring the differences between various parties, thus leading to the perception by the electorate that all political parties, if not politicians, are the same.

It is understandable that some people, after joining a political party in the first flush of enthusiasm, become disillusioned and change their party membership. However, if one changes his party affiliation more than once, this may cause him, perhaps unfairly, to be labelled a political opportunist. It may be that the party he left has undergone considerable change for the better whereas the new adopted party has deteriorated in public opinion.

Of particular concern, however, is the fact that some members are being encouraged to jump, like

grasshoppers, from one party to another, lured by promises of prominent positions and other benefits.

Two notable examples of those who left a political party and joined another and yet reached the top rung within a relatively short span of time are Datuk Leong Khoo Beng of the Gerakan and Datuk Richard Ho Ung Hun of the MCA.

Datuk Leong, Minister for Primary Industries, was, in fairly quick succession, chairman of the Ipoh division of the MCA and then acting chairman of Perak MCA before his explosion in May 1973 because of his opposition to the proposed coalition government in Perak between the then Alliance (comprising the Umno, MCA and the MIC) and the People's Progressive Party.

At that time, Datuk Leong was quoted as saying that the coalition government in Perak would defeat the principles on which the Alliance was founded. He then enrolled in the Gerakan in December 1973, by which time the party had become a component of the National Front in 1973.

He was nominated the National Front candidate for Taiping in the 1974 general elections, which he won in a four-cornered fight by a majority of 1,167. One month later, he was appointed Deputy

Minister of Primary Industries and four years later, he was made a full Minister in charge of the same portfolio in a Cabinet reshuffle by Datuk Hussein Onn.

Datuk Richard Ho Ung Hin, Minister of Labour, also experienced a meteoric rise in the political ladder. He was the DAP candidate for the Buitaman parliamentary constituency in the 1969 elections where he beat the MCA secretary-general Mr Ram Woon Wah, by a majority of 1,041 votes.

Having established his political mettle, he was appointed to the DAP's new central executive committee as assistant treasurer in February 1971.

In May 1973, he crossed over to the MCA together with the late Mr Walter Loh Poh Khen, then MP for Setapak in Selangor.

The defection, for the first time, of a member of the DAP's central executive committee to the MCA received widespread publicity. Datuk Ho was later appointed economic bureau chief and in 1974 he was nominated as the party's candidate for the parliamentary constituency of Lumut in Perak.

He was handsomely and was rewarded by being appointed Deputy Minister of Transport and Works in the new line-up by the then Prime Minister Tun Abdul Razak. Two years later, he was moved to the Ministry of Finance, as its Deputy Minister, and in January 1978 he was appointed Minister without Portfolio in the Prime Minister's Department by Datuk Hussein Onn, and then Minister of Labour Manpower in (July 1978).

In time like these, it is crucial that a leader should be able to command the obedience and allegiance of his members, irrespective of their views, once a decision has been made after discussion. The party should be able to close ranks and maintain a solid front against its opponents.

The lack of party unity and a sense of loyalty will give rise to a political hydra, and lead itself to factionalism, thus requiring a leader to have the skills of a political acrobat in keeping the party together. It may also mean that a leader will be chosen not because he is the choice of the majority, but because of his acceptability to all factions.

It may also be symptomatic of the political situation in this country that failure at the party's internal elections seems to lead to the loser being frozen out of the party for daring to challenge the incumbents, thus making his defection to another party all but inevitable.

This is unhealthy since party members will be more wary of trying to topple the entrenched leaders because of the high penalty for failure. This may result in a leadership getting more and more fossilised since aspiring hopefuls, seeing no way of reaching the top, would have moved on to greener pastures.

While components of the National Front have the advantage of being able to offer aspiring hopefuls the chance of becoming a Cabinet Minister or maybe an ambassadorship or a senatorship, opposition parties like the DAP and the Parti Islam can only offer the perils of becoming a member of the Opposition.

AGREEMENTS SIGNED FOR SPONGE IRON PROJECT IN SABAH

Kuala Lumpur BUSINESS TIMES in English 20 May 81 p 1

[Text] THE \$450 million sponge iron project proposed to be set up in Labuan got off the drawing board yesterday with the signing of three agreements between Sabah and two giant foreign corporations.

Acting Chief Minister Datuk Jamsil Ongkili signed for Sabah an agreement for the turnkey construction of the project with the Voest Alpine Ag — a group of companies wholly owned by the Austrian government. The turnkey contract is valued at over \$350 million.

A separate agreement was signed with the same company regarding guaranteed production for the first three years of operation.

Dr Klaus Caempler, executive vice-president of Voest Alpine, signed for the company. The Austrian Ambassador to Malaysia, Dr Franz Palla, was also present.

The third agreement was signed between Sabah and the Midrex Corporation of the United States. The licensing agreement will allow the plant to use technology developed by Midrex to produce sponge iron.

Midrex president Mr Eckart E. Goette, who signed on behalf of his corporation, said that the single on-site was capable of producing 100,000 tonnes of sponge

iron a year for supply to the steel industries in ASEAN and the Far East.

The sponge iron project will be run by a joint venture company, the Sabah Iron and Steel Company Sdn Bhd, with Sabah holding at least 50 per cent of the shares.

The Heavy Industries Corporation of Malaysia will have 30 per cent and Voest Alpine about five per cent, Bernama learnt.

Datuk Ongkili said that the tender was awarded to Voest Alpine in July last year and the company had already commenced design work, engineering and pre-procurement arrangements.

Voest Alpine has undertaken to maximise Malaysian components in the construction contract and will use local sub-contractors for goods and services, he said.

The plant will be located on reclaimed land at Rantau Rantau on Labuan Island. The reclamation work is under progress and the site will be ready in November this year.

A jetty for berthing ocean-going vessels of 100,000 dwt will be built by the state government adjacent to the site.

The port will have a draft of 16 metres and a causeway will connect the jetty with the sponge iron plant. It is expected to be ready by December 1983.

Datuk Ongkili said that the plant would start producing in early 1984, simultaneously with the delivery of associated gas through new pipe lines from the off-shore oil fields at Semarang and Erb West. The gas is currently being flared.

Raw materials, especially iron ore in the form of pellets and lumps, would be imported from Australia, India, Brazil and Sweden, he said.

Sponge iron is used worldwide as a raw material for the manufacture of steel in electric furnaces.

Datuk Ongkili said that a substantial demand for sponge iron had been forecast in South-East Asian countries and Korea, Taiwan, Japan and India. Since the world's scrap metal supplies were not increasing in step with demand.

The project can be expanded to include a steel mill in future when local demand for steel makes it economically viable. Labuan was selected as the preferred location for the project in view of the availability of natural gas from nearby oil fields and also because of the free port status of Labuan port, he added.

The project is expected to export sponge iron worth about \$250 million a year while net foreign exchange earn-

ing would be about \$150 million a year after allowing for imports of iron ore and interests charges on foreign loans, Datuk Ongkili said.

The project would employ more than 200 people and the state government is developing the industrial and social infrastructure of Labuan Island to suit the requirements of rapid development there.

Midrex president Mr Goette said after the signing that as the world approached an era of declining scrap supply, the Sabah government had demonstrated foresight in its decision to set up the sponge iron plant.

He predicts that by 1985 up to six million tonnes of sponge iron will be required for steel making in the Far East.

Voest Alpine vice-president Dr Caempler said: "With the signing of this contract, Sabah has selected the most advanced technology in the world for the production of sponge iron."

"We view this project as an opportunity to demonstrate our engineering and construction expertise in a region where sponge iron consumption is expected to grow dramatically," he added.

The corporation has major contracts with Indonesia, Thailand, Burma and the Philippines. — Bernama

TENGGU RAZALEIGH AIMING AT POST OF DEPUTY PRIME MINISTER

Kuala Lumpur BUSINESS TIMES in English 16 May 81 p 6

[Text]

IN JULY 1974, when Time magazine predicted that Tengku Razaleigh Hamzah was one of the future leaders of his country and the world, few, if any, paid much attention to the forecast.

After all, the man was not even in the Malaysian cabinet then, and barely known in international circles. So how come the bold prediction?

To recall, Tengku Razaleigh was at that time just one of the five vice-presidents of Umno, though he was increasingly making himself heard and seen on many domestic political occasions.

But now, barely seven years after that brave forecast, Tengku Razaleigh, an economist by training and Finance Minister of Malaysia by appointment, seems poised to take on a more challenging role in Malaysian politics.

He has already thrown his hat in the ring by announcing that he will bid for the post of deputy president of Umno if Datuk Seri Dr Mahathir Mohamed vacates it. By tradition, the deputy president also serves as the Deputy Prime Minister.

To rise thus high, and come thus far, is a major achievement in itself.

Regardless of the outcome of the forthcoming

battle for the No. 2 post in the party, Tengku Razaleigh has already made a place for himself in Malaysian politics.

Born on April 13, 1937, Tengku Razaleigh entered politics in his early twenties. He came in as chairman of the Ulu Kelantan division in the early 1960s.

He graduated from Queen's University, Belfast, in 1960 and then read law at Lincoln's Inn, London. However, his studies abroad had to be cut short when his father, a former Menteri Besar of Kelantan, passed away.

Until the late 1960s, Tengku Razaleigh was better known in the country's trade and business circles. He held a number of very senior positions such as the chairman of the Bank Bumiputra, and also of Permas and of Petronas.

Tengku Razaleigh managed to steer the entities forward, and his contributions helped make these organisations what they are today.

One of the few Bumiputras who showed in those early years a high degree of business acumen, Tengku Razaleigh was the natural choice for the presidency of the Associated Malay Chamber of Commerce and Industry.

His success in the business world was soon to be reflected in his rise within Umno.

In 1971, the Umno general assembly appointed

him the party's treasurer. In the same year, he was chosen as the chairman of Kelantan Alliance, and was later appointed as State Opposition Leader in the Kelantan State Assembly.

One of the crowning achievements of Tengku Razaleigh's political career was the massive defeat of Paa, which until 1973 had enjoyed wide support from the predominantly Muslim population in Kelantan.

Most of his friends and foes alike concede that he, more than anyone else, was instrumental for bringing Paa to the present sorry state.

At the 25th Umno General Assembly in June 1975, he secured the second highest votes to win one of the three contested posts of vice-presidents.

On March 8, 1978, Tengku Razaleigh was appointed Finance Minister — the youngest ever at the age of 41.

Internationally, he was regarded as a militant nationalist at that time. But his determination, endurance and patient approach to problems eventually helped him to win acceptance. Today, Tengku Razaleigh is highly regarded not only at home but in international financial circles as well.

This was brought home when he secured at the last Umno General Assembly in September 1979 the highest number of votes — 163 in the election for vice-president.

AGREEMENT SIGNED FOR 21 BILLION YEN LOAN

Development Projects Financing

Kuala Lumpur BUSINESS TIMES in English 16 May 81 p 30

[Text]

MALAYSIA formally secured yesterday a seventh yen credit amounting to 21 billion yen (\$19 million) from Japan to help finance development projects.

An agreement covering the loan was signed by Malaysian Ambassador to Japan, Datuk Jamaluddin Haji Abu Bakar and Mr. Takaaki Hosomi, president of the Japanese Overseas Economic Cooperation Fund (OECF) in Tokyo.

A Wisma Putra statement yes-

terday said that the loan was granted by Japan under the Official Development Assistance pledged by former Prime Minister Fukuda when he visited Malaysia in 1977.

The loan is payable within 20 years with an annual interest rate of four per cent.

An agreement covering the first of the three projects to be financed by the seventh yen credit was also signed.

One project involves construc-

tion of two 300-megawatt steam turbines for the Port Klang power station.

The other two projects to be financed by the seventh yen credit are the Cennagothi bridge gas turbine power station and the second phase of the Johore port expansion project.

The new credit line raises total loans extended by Japan under its yen credit arrangement since 1966 to 174 billion yen or \$1.96 billion.

Japan's Loans in Asia

Kuala Lumpur BUSINESS TIMES in English 16 May 81 p 30

[Excerpt]

JAPAN had extended to Malaysia a total of 174 billion yen (\$1.93 billion) in direct government-to-government loans on a cumulative basis upto March 31, 1981.

Malaysia thus ranked seventh among recipients of Japan's direct loans compiled by *Look Japan*, a semi-official publication.

Preceding Malaysia in the ranking are three of its Asian partners. Indonesia was the top recipient with cumulative loans amounting to \$13 billion yen (\$2.6 billion), followed by India in

second place with loans totalling \$8.6 billion yen (\$2.1 billion).

Korea and Pakistan were slotted in third and fourth spots with cumulative loans of \$17 billion yen (\$3.3 billion) and \$26 billion yen (\$2.6 billion) respectively.

Thailand came fifth, having borrowed a total of \$29 billion yen (\$2.7 billion) and was followed in sixth spot by the Philippines which received \$17 billion yen (\$3.3 billion) in direct loans.

The top five recipients together accounted for 57 per cent of

total direct loan disbursements. In terms of geographical distribution, 63 per cent of the total or \$1,257 billion yen (\$34 billion) went to Asian countries. The Asian five accounted for 60 per cent of the total.

The actual amount directed to Asian countries in fiscal year 1980 totalled \$90 billion yen (\$4.3 billion). This compares with \$3.9 billion yen (\$380 million) offered to Africa, and \$2.4 billion yen (\$220 million) to West Asia and \$1.7 billion yen (\$160 million) to Latin America.

TERRORISTS CONCENTRATE ON SURVIVAL, AVOIDING TROOPS

Kuala Lumpur NEW STRAITS TIMES in English 23 May 81 pp 1, 3

[Article by Gerald Rajah]

[Excerpts]

Last year, Malaysia's security situation further improved following the killing of 35 communist terrorists by Thai and Malaysian security forces in the jungles of their common border.

Over the past 12 months, 33 terrorists were killed and 15 others surrendered in South Thailand. This does not take desertions into account.

In Peninsular Malaysia, 17 terrorists were slain.

A total of 151 members and suspects believed to belong to the Communist Party of Malaysia (CPM), Malaysian National Liberation Front (which supplies logistics support to the terrorists) were also picked up.

According to the latest statistics, a major portion of the terrorists belonging to the three factions of the CPM (Communist Party of Malaysia), the CPM proper, the CPM revolutionary faction and the CPM Marxist-Leninist, totalling 2,000, still remains in South Thailand.

Three combined operations were launched by Malaysian and Thai security forces against selected terrorist units in July, November and December last year, thereby curtailing terrorist activities in areas that included Padang Besar, the

Ulu Muda Forest Reserve and Upper Perak.

The combined operations seriously affected the CPM revolutionary faction in the Badau area where the terrorist units suffered shortage of food supplies which in turn led to serious demoralisation among the communists.

Following this, 15 terrorists from the Revolutionary Faction surrendered up to February this year.

According to intelligence reports, one of those who surrendered from the Revolutionary Faction was a State committee member who took to the jungles in Negri Sembilan in June 1978. Another was a platoon commander who joined a terrorist unit in Kedah in 1975.

During interrogation, the State committee member told security officials that during the period 1977 to April 1980, a total of 23 communists from the Revolutionary Faction deserted the jungles to return to civilian life as a result of hardship and loss of confidence in the CPM's meaningless struggle.

The result of the combined Thai-Malaysian operations, 15 terrorists killed and 15 surrendered, without taking the previous desertions into account.

In Peninsular Malaysia, the Communist Terrorist Organisation (CTO) units adopted a low profile in order to avoid contact with the security forces. Despite their highly mobile and elusive tactics, security forces pursued the terrorists in the deep jungles and scored significant successes when they killed 17 communist terrorists.

This reduced the strength of the Assault Units which operate in Kedah, Perak, Pahang and Kelantan to 200, for them, food is a major problem as their logistics have been disrupted by security forces.

In the vast State of Pahang, where the number of communist terrorists reached a peak strength of 180 under veteran terrorist leader Chung Chor in 1970, security officials said operations against the 6th Assault Unit resulted in 11 terrorists being eliminated last year.

Similar operations against the 7th Assault Unit in Ulu Kelantan and the 16th Assault Unit in Gua Musang resulted in two terrorists being killed.

In Kedah, there were some sightings of small groups of terrorists belonging to the 8th Assault Unit early last year,

In Perak, the 5th and the 12th Assault Units are maintaining a low profile in their activities, being mainly preoccupied with the problem of survival in the deep jungles and avoiding contact with security forces.

In Sarawak, four terrorists were eliminated leaving a balance of 113 now secluded in deep jungle hideouts in the First, Third, Sixth and Seventh Divisions.

Sources feel that the terrorists are unlikely to launch major offensive moves as they have neither the means nor the necessary public support.

As regards communist underground organisations providing logistics support, they, coming under the Malaysian National Liberation Front (MNLF), have been seriously disrupted.

A total of 151 members and suspects connected with the underground organisations were picked up last year with the recovery of a pistol, two handgrenades and 27 rounds of ammunition.

Sources say that only a small number of underground organisations members are still at large, leading a fugitive existence with their limited activities carried out under tight security precautions.

BANKING CIRCLES ANTICIPATE MORE LOANS TO GOVERNMENT

Kuala Lumpur NEW STRAITS TIMES in English 20 May 81 p 10

[Article by Lim Eng Been in London]

[Text]

MALAYSIA'S success in obtaining a syndicated US\$400 million (RM20 million) loan in March has dispelled doubts about its ability to command the finest terms among Asian borrowers in the European loan market, a financial magazine, *The Banker*, said.

In an article entitled "The finest terms for Malaysia", the magazine said, in its latest issue, that the US\$400 million 10-year "general purpose" loan for balance of payments and other national financing, carried the finest terms yet seen in Asia.

It said between the time that the Malaysian Government came to the Euro-markets with syndication early last year, and the latest borrowings, bankers had learned from last October's budget, that this year Malaysia could possibly face its first balance of payments current ac-

count deficit for five years and thus the need for bridging the finance.

This, with declining world prices for some of Malaysia's principal commodities like tin and rubber, had led to speculation that Malaysia's position in the Asian borrowing league might slip.

And that impression seemed to be re-inforced last year as Euro-market lending rates eased and other Asian less-developed countries borrowers achieved spreads as fine as Malaysia had pioneered.

But with the loan, Malaysia had gone one up, it said.

It said many would-be lenders have been buzzing around Bank Negara like bees around a honey pot for much of the past year.

"Attracted by the

country's eight per cent annual growth rate record over the past few years and by its oil and gas earnings boosting an existing natural resource base, they have been anxious to add Malaysian assets to their portfolios.

"They guessed too, that Malaysia would want to re-assert its primary place in the international borrowing market after a year's absence."

It said whereas Malaysia had traditionally been a fairly small borrower in comparison with other fast-growing economies like Indonesia and South Korea, this could change with the requirements of the Fourth Plan.

By the time of the next budget, bankers will have a good idea of Malaysia's overall financing needs.

Doubtless, more loans

for the Government will be required, although not all will necessarily come from syndicated borrowing," it said.

An alternative source could be official export credits.

It added that there were at least some small misgivings which could make international banks assess their Malaysian portfolio more carefully as well.

"In spite of obvious signs that the commodities boom is over for the time, threatening Malaysia with its first current payments deficit in five years, the Government has opted for a more expansionary public programme, and a much wider budget deficit as a result."

Malaysia is enjoying an oil bonanza, with the oil industry paying the Government a total of \$2.54 billion last year in corporation tax, royalties and export duties.

AUSTRALIA TO WITHDRAW MIRAGE JET FIGHTER SQUADRONS

Kuala Lumpur NEW STRAITS TIMES in English 21 May 81 p 5

[Text]

KUALA LUMPUR, Wed. — The planned withdrawal of all the 36 Mirage jet fighters of the Royal Australian Air Force (RAAF) from the Butterworth base will not affect Malaysia's air defence system, Deputy Defence Minister Datuk Abu Hassan Omar said today.

He said Australia had informed Malaysia of its decision to withdraw the two squadrons.

"However, the withdrawal schedule has not been decided," he told newsmen at the RMAF base where he was on hand to bid farewell to New Zealand's Defence Minister David Thomson.

Datuk Abu Hassan said he did not see how the withdrawals would affect Malaysia's air defence capability.

He said it did not matter where the RAAF squadrons were stationed as the defence arrangements under the five-power defence pact was still in effect.

A report from Australia yesterday said the country planned to gradually withdraw its Mirage fighters in Malaysia and Singapore over the next few years.

However, the report said, the actual number of jets to be left in Butterworth had yet to be decided.

The Australian Government was studying various options in close consultations with the Malaysian and Singaporean Governments, the report quoted a Defence Department spokesman as saying.

Datuk Abu Hassan

said he hoped the withdrawals of the jet fighters would coincide with the setting up of the Malaysian A-4 Skyhawk fighter bomber squadrons.

Malaysia is buying the Skyhawks at a cost of \$1,035 million and the first delivery is expected later this year.

Malaysia is reported to have bought 80 Skyhawk jets and the first squadron would be based in Kuantan.

A large part of Malaysia's air defence capability is based on the Integrated Air Defence

System (IADS) under the five-power defence pact.

Malaysia now stations its F-5E jets in Butterworth and a squadron of its new Skyhawk fighter bombers are expected to be based there also.

Datuk Abu Hassan also said the planned purchase of tanks for the Malaysian army was in the final stages.

"The Treasury is now studying the tanks that have been shortlisted," he said without elaborating on the type of tanks shortlisted.

SABAH RECORDS 'SUBSTANTIAL' DROP IN TRADE SURPLUS

Kuala Lumpur NEW STRAITS TIMES in English 20 May 81 p 7

[Text]

KOTA KINABALU, Tues. — 1981 opened on a gloomy note for Sabah's external trade, with the trade surplus dropping by more than 100 per cent in January over the same period last year.

Exports declined by 21 per cent from \$380.3 million to \$278.9 million, while imports went up by 11.3 per cent from \$346.9 million to \$375.3 million during the same period.

According to figures released by the Statistics Department, the substantial fall in trade surplus, from \$3.4 million to only \$1.6 million, can be attributed to the 96.7 per cent decrease in exports to Japan.

year to \$880 in January this year.

Returns from timber logs, although the second biggest export earner at \$68.4 million, fell by more than half from last year's sales during the corresponding period.

The drop in revenue was largely caused by the falling f.o.b. value of logs from \$233 per cubic metre to \$171.

Sabah's aggressive policy to reduce log exports and instead increase its production of processed timber saw the earnings of sawn timber triple from \$2.9 million to \$11.6 million. — Bernama.

Timber

This was mainly because of the drop in the export of timber logs from \$95.7 million to \$36.3 million and that of crude petroleum from \$80.7 to \$46.3 million in January.

Crude topped the export bill earning \$125 million in foreign exchange coupled with the f.o.b. unit value which increased from \$488 per tonne in January last

STAYING NEUTRAL AMID GROWING TENSIONS

Kuala Lumpur NEW STRAITS TIMES in English 29 May 81 p 14

[Article by Dilip Mukerjee]

[Excerpts]

FOR some 39 years till 1978, Malaysia's security depended in an important sense on the Maldives, the tiny republic of coral atolls 450 miles west of Sri Lanka. It was the Maldivian island of Gan which served Britain as a staging post for its air force so that it should be able to rush assistance to Malaysia and Singapore in an emergency.

With Britain having abandoned Gan, the link has lapsed. But in one way the security of Malaysia and other countries of the region still depends on the good sense of Maldives, whose president, Maumoon Abdul Gayoom, is currently visiting Kuala Lumpur.

This dependence stems from the fact that Gan is just 400 miles north of Diego Garcia, the island leased by the US from Britain to set up a formidable naval and air base to counter the growing Soviet presence in the Indian Ocean. Ever since the British left Gan, any number of countries have been seeking tenancy for one ostensible purpose or another. The Soviet Union, for instance, offered to set up a fishing harbour and to pay US\$1 million a year for the privilege of being allowed to use the facility for its trawlers.

The offer was turned down, like that from nearer neighbours

as Iran under the late Shah who offered other bidders, less with the idea of putting Gan to military use themselves than to pre-empt others who might.

The republic of some 150,000 people, about the same number as in Malacca town, changed its government in 1978 but not its policies in this regard. This was the year when Mr Gayoom took over from Mr Ibrahim Nasir, who was first Prime Minister and then President for 31 years.



Mr Nasir is now permanently resident in Singapore, claiming to be minding his own business — literally and otherwise. Maldives thinks otherwise; he is alleged to have masterminded a coup bid early last year. This was foiled, and the nine white mercenaries who came into Maldives in the guise of tourists were sent packing.

The present stability in the country's foreign policies is relatively new. In the early years after the Sultanate of Maldives ceased to be a British protectorate in 1968, it was something of a maverick. It had links with Taiwan (which had at one time the only resident diplomatic mission) and Israel. But all this has changed; for years now Maldives had been,

unwaveringly a part of the Third World mainstream, and also a member in good standing of the Islamic Conference.

There are almost 2,000 islands scattered over an area 800 miles from north to south and 50 miles east to west. But the actual land area is very small — about half of Singapore's. This means there are 10 times as many people packed into each square mile than in Malaysia. And the land is, alas, far from fertile, with thin, stumpy coconuts about the only growth that most areas can sustain.

Fish in the sea is thus the main natural resource. Traditionally, shipjack — a variety of tuna — was dried using coconut husks as fuel, and exported to Sri Lanka. But the latter's foreign exchange problems led to a drastic shrinkage in the market after 1972, obliging Maldives to diversify into fresh fish.

This has brought Japan into the picture. Two of its companies send collecting vessels at appropriate times of the year. More recently, a fish cannery has been set up with Japanese help. But the earnings add up to much less than those now derived from another equally traditional source — sea-faring.



In place however of dhows, Maldives now has a fairly modern 35 ship ocean-going fleet — plying mainly from the Red Sea to Singapore. Founded by Mr Ali Umar Maniku who still runs the operation as part of his many-sided activities, the Maldivian Shipping Lines call regularly at Port Klang and sometimes Kunatan and Paal Gudang.

Tourism is another growing source of income, with several uninhabited islands around the capital, Male (pronounced Maale), turned into resorts. The airport serving Male is being expanded to take bigger aircraft, and the completion of this work during the current year should lead to a surge in arrivals.

Mr Gayoom's visit to the Asian region is an attempt to establish new links and consolidate existing ones as his country opens its doors wider to tourism, trade and investment. An equally important purpose is to remind friends and neighbours that Maldives is, and will continue to be, wholly neutral amidst the growing tensions in the Indian Ocean.

SLUMP IN NICKEL DEMAND AFFECTS ENTIRE ECONOMY

Kuala Lumpur BUSINESS TIMES in English 19 May 81 p 15

[Article by Barry Moody in Noumea]

[Text]

A HUGE smelting plant on the edge of this South Pacific island is a striking symbol of its economic dependence on the world demand for nickel.

The French overseas territory has 40 per cent of the world's nickel reserves, and when demand falls the island's 140,000 inhabitants quickly feel the squeeze.

The smelting plant, which dominates the waterfront of the capital, Noumea, is owned by Societe Le Nickel (SLN), which reckons it is now running at about 40 per cent capacity because of the world recession.

"When we have problems, New Caledonia has problems," said Paul Bilek, SLN's financial manager here.

New Caledonia got its name from British discoverer James Cook, who was reminded of Scotland when he first set eyes on the territory's beautiful rolling wooded hills in 1774. Caledonia was the name given to Scotland during the Roman occupation of Britain.

It was not until more than 100 years later, after France has seized the territory, that huge deposits of nickel were discovered.

In the late sixties and early seventies of this century, the rich mineral resource brought a boom to New Caledonia but then it began suffering from the world recession, rising oil prices and a drop in nickel values.

SLN has also been badly hit by the rising cost of oil. Unlike many of its competitors, especially in North

America, it has little access to cheap energy sources like hydro-electric power and is forced to bring in large quantities of oil.

Mr Bilek said that before the first oil crisis in 1973, SLN was paying US\$20 for a tonne of fuel. That charge was expected to top US\$220 this year, he said.

SLN is also hampered by its sensitivity to dollar rate fluctuations. Nickel is quoted in dollars while many costs, like manpower and equipment, are paid for in French francs.

The company has since 1974 been tightening the efficiency of its operation to cut fuel consumption and is planning to convert rotary kilns, which dry out the nickel ore, so that they can use Australian coal instead of oil.

Mr Bilek said SLN had cut working hours by six per cent and introduced a programme of voluntary redundancies and early retirement. Six of its 11 smelters have been shut down.

The company's losses peaked in 1978 at 393.3 million French francs (US\$122 million), although they have fallen sharply since.

SLN's problems created difficulties for New Caledonia which became over-dependent on nickel during the boom years, when much agricultural production was abandoned.

The slump has brought unemployment, now estimated at 10 per cent of the workforce, mainly among the 30,000 Europeans in the population of 140,000.

The economic problems have increased resentment against big nickel interests. Many Europeans claim France favours these companies and allows a small number of very rich operators to syphon off the territory's wealth.

There are negligible income taxes but high indirect taxes which hit the poor more than the rich. There is strong pressure from many quarters for a redistribution of wealth.

Hefty subsidies from France enable New Caledonia or at least the 57,000 inhabitants of Noumea to lead an artificially rich lifestyle, enjoying expensive restaurants and shops.

More than 50 per cent of the territory's imports come from France and the European Community. Both pro-independence parties and the centrist pro-French FNBC want New Caledonia to cut import costs by buying its goods from Australia and other countries in the region.

"We want a policy which takes account of our geographical position. New Caledonia is not France, it's in the Pacific and we must go where there is the best market," said Yeiwene Yeiwene, a leader of one of the pro-independence parties.

The slump in nickel has also brought moves to diversify into other neglected areas of the economy. France has drawn up a 10-year plan for the development of agriculture, forests, fishing, especially of tuna, and capital construction. — Reuter

REPORT ON BALUCHISTAN'S RESOURCES, PLANNING PROBLEMS

Lahore CHATAN in Urdu 18 May 81 pp 20, 21

[Article by Nawabzada Jehangir Shah Jogi Zai: "Baluchistan's Resources for Development and Its Planning Problems"]

[Text] I have made a detailed study of Baluchistan's development projects in a recent issue of CHATAN dated 30 March 1981 under the headline of "Baluchistan and Its Developments." At present, the subject under my consideration is Baluchistan's resources and their planning for development. Beside being endowed with mining resources, Baluchistan is also capable of agricultural productivity. For this, there is a need for coordinating local irrigation resources so that arid lands may be converted into fertile valleys.

Baluchistan and Its Irrigational Resources: Baluchistan depends on flood-reservoirs and tube-wells. Nothing has yet been thought about dry wells. However, I did send a report in this connection to the late former President Ayub. As a result of which some thought was given to dry wells in Baluchistan. At that time, Baluchistan's vast area was under the control of the deceased well-known commissioner, Anwar Adil. My suggestion to the late President Ayub about the dry wells was that Baluchistan should be divided into three regions depending on productivity.

1. The first region should include those areas which have an abundance of fruits, e.g., Yob, Laura Lai, Quetta, Pashin and Qallat. Pistachio, peaches and apples can be grown in these areas and even now they are grown there. These areas depend mostly on springs, reservoirs and tube-wells which are their main sources of irrigation. The very same sources can be developed to activate and stabilize the agricultural productivity in these areas. For this purpose, a development authority comprising these areas should be established. This authority should assist and guide the farmers in digging wells. For this purpose, the farmers should be provided with loan facilities which should be repaid within a period of 10 years. While providing assistance for irrigation resources, the authority should also increase taxes on production per acre. This will instill a feeling of individual and collective profit-sharing among the people. There will be an increase in productivity and the government, too, would have the loan back after a certain period of time. A permanent source of income in the form of tax, would be established.

2. Flooded area: During the rainy season, when mountainous streams and rivers are flooded, the farmers build dams to store water. When the soil is almost dry, it is cultivated and leveled to retain the moisture in the ground. Then as the weather permits, the seeds are drilled into the soil. This is roughly 3 inches deep into the ground. The output of flood-irrigated land is more than 25 mun, (2,000 lbs). The problem here is that at times mountainous streams overflow like rivers and the dams are unable to control that water. As a result, the dams are destroyed. To ease this problem, with the cooperation of the farmers, dams should be built on the streams and rivers. The water level should be raised and diverted into right and left dams. In these weirs, with the built-in system, there should be a spillway to regulate the overflow of water so that the dam water does not overflow but is regulated through the spillway to other dams. In this way, every drop of water can be utilized to increase the productivity of the land. By utilizing dry and flooded lands in this way, Baluchistan alone can supply Pakistan's agricultural needs; and we can be one of the chief exporters of wheat. My above-mentioned scheme involves less financing and more intellectual and physical cooperation. If only our high-minded officials would spare some time to ponder over this matter!

3. Canal irrigation: A canal can transform barren lands into fertile ones. Canals give everlasting life but they also have a destructive side. In Sindh and Punjab, wherever a canal has been used, it has brought prosperity as well as destruction. Millions of acres of land once renowned for agricultural abundance, are today swampland due to the partial effect of canals. At present, in our country as well as the world over, a practical method used to prevent swamps and marshland is the installation of tube-wells and canals. The Pit Feeder canal was utilized in the Nasir Abad District of Baluchistan but the productivity of the eastern part of Nasir Abad was ruined by its side effects. Dampness has wreaked havoc on its vast lands. Although Pit Feeder which was previously a barren land is now productive, Nasir Abad which was Pakistan's Granary Park has now become a lake due to dampness. If the planning committee had thought of a method of preventing swampland while operating a canal, Nasir Abad would not today be a victim of such destruction. It is devoid of life now. Thus it is essential for the government to analyze the effects and implications of any agricultural plan before it is activated.

Sources of Irrigation and Means of Communication: Whatever development and prosperity is brought about by irrigation, its perfection is incomplete without means of communication. To facilitate this, the construction of an important highway, RCD was undertaken but it is still incomplete. The RCD Highway passes through Noshki and Qallat and terminates at Karachi. The second highway, Zob-Laura Lai needs extensive repair. Ziarat Road is in the condition. A glimpse at these highways shows a waste of millions of rupees.

It would be interesting to point out here that Baluchistan is a province where construction of roads and highways is very cheap. Besides cheap labor, construction material is also locally available and cheap. However, the planning authorities have ignored all these factors and given international estimates for construction, which continues to rob the national wealth. Let me give an example here. Aminullah Khan, deputy commissioner of Lashkari district, had a long tarmac road constructed. He personally supervised the construction of this road. The construction cost was 71,000 rupees per mile. In comparison to this low price,

PWD's estimates reflect huge amounts. Instead of a proper road, they dug a long black line which looks as if a snake has left its mark behind it. This snake passed through every place and left behind its black trails. These very same black trails get drowned with the redness of blood when an unfortunate person is killed in an accident. Strangely enough, the expenditure of millions of rupees in a simple and serene region like Baluchistan, has not been successful. This region was once prosperous everywhere under the leadership of illiterate chiefs, Maliks and deputies. In an era of progress, this region seems to have been deprived of even its past facilities. This proves that sincere ignorance bears sweet fruit while poisonous diplomacy and wisdom, however sweet it may be, proves futile.

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CSD: 4203/87

BUDGET FOR 1981-82 ORIENTED TOWARD DEVELOPMENT

Sales, Gift Taxes Reduced

Karschi DAWN in English 26 Jun 81 pp 1, 22

(Text) Islamabad, June 25: The Federal Finance Minister, Mr. Ghulam Ishaq Khan, announcing the national budget for 1981-82 on the radio and television networks this evening, presented a balanced package which seeks to ensure upswing in economic growth, provide relief to the people in the fixed income group, spur developmental programme in agriculture and oil exploration and offer incentives for investments in export-oriented industry.

No new taxes have been proposed although some readjustments have been made in the current rates of customs and excise duties. The overall estimated budgetary gap of 11052 million rupees has been partly covered by pruning Government expenditure and realisation of additional revenue to the tune of Rs. 5,608 million. The balance of 5,444 million in the Budget would be met by borrowings from the banking system.

The new Federal Budget proposes reduction by half in the corporate tax rates, offers tax relief to non-salaried assesses, gives tax holiday for new houses of medium range rents, exempts professional sportsmen's first benefit match from income tax and extends exemption from income tax to nonprofessional writers, poets and artists on their earnings upto rupees 25,000 as against rupees 15,000 as at present.

The much dreaded increase in petroleum products rates was not made by the Finance Minister who left the present rates of duties unaltered on the POL. However, certain measures to curb consumption have been proposed by the Finance Minister and the baggage rules have been accordingly revised.

Defence

The Finance Minister announced the Government resolve to meet the security threat in the wake of the Afghanistan crisis and Afghan refugees influx into Pakistan and said that although Government was seeking external assistance as well to meet the minimum essential requirements of credible defence, in ultimate analysis the nation would have to make most of the necessary sacrifices in order to provide for the paramount need.

The defence has been allocated Rs. 17,712 million for the next fiscal as against revised estimates of Rs. 15,283 million for the current year, constituting 47.9 per cent of the current expenditure which is a fraction less than the 1980-81 percentage.

APP adds:

Resources

The resources for the current and development expenditure will include: Revenue receipts Rs. 43,058.5 million, capital receipts Rs. 42,469.7 million, capital receipts (minus) Rs. 2,641.5 million, provincial contribution Rs. 1,236.7 million, self financing by autonomous (text missing) 1,999.0 million, and external resources Rs. 14,206.0 million, total: Rs. 57,263.5 million.

At this level, there is a resource gap of Rs. 9,273.5 million which has been filled by additional taxes and resource mobilisation within the country, by securing additional foreign aid and through obtaining debt relief, the Finance Minister said.

The Finance Minister said alongwith a Rs. 9.27 billion (b) gap on

account of the shortfall in meeting the current and development expenditure, another Rs. 1.5 billion (b) will be met on account of the relief measures proposed by the Minister for the next year. It means that the gap widens to Rs. 11.05 billion (b).

The gap will be financed through Rs. 575 million worth reduction in wheat subsidy, Rs. 1,045 million collection in the form of increased prices of goods and services, Rs. 1,000 million as a reduction in Government expenditure, Rs. 1,000 million in the form of improved tax administration and finding new tax payers, Rs. 600 million as additional return from public sector enterprises, Rs. 600 Government's national savings million as additional receipts from schemes, and Rs. 47.94 million which will be the additional revenue on account of the net effect of the taxation proposals in the field of customs, Central Excise, sales tax, income tax and gift tax.

As a result of the new taxation proposals and Government measures, the price of wheat and wheat flour will go up, besides that of sugar, cement and postal and telecommunications services.

The Finance Minister also spoke to this said it had been the aim of the Government over the last four years to make determined and disciplined efforts to revive, modernise and reconstruct the

economy. There had been dynamic response of the people to these efforts.

"There is reason to believe that the national economy has turned the corner", he declared.

The Finance Minister said that despite a worsening external environment, stagnation had given way to a resurgent vitality, sound fiscal management had replaced budgetary indiscipline and the growing balance of payments disequilibrium had been arrested. Foundations had been laid for reforming the socio-economic order along the lines laid down by Islam.

He said Government efforts had been "to carve a path of socio-economic development based on the three pillars of equity, effort and efficiency".

The Minister said: "What with Afia's bombings, had been achieved during the last four years, would justifiably instil a sense of confidence and purpose but should on no account give rise to complacency. We said that the ground which had been covered was strewn with hardships and called for denial and sacrifice. We warned, "an equally arduous course of unswerving, painstaking efforts must be travelled for many more years before our cherished aspirations can materialise." He said Pakistan was the 18th poorest

country in the world and must struggle against deep rooted internal barriers to advancement.

The Minister said with a current per capita GNP of Rs. 300 which translates into an average family disposable income of approximately Rs. 1200 a month, Pakistan lies in the upper middle range of the group of 38 low income countries with this group Pakistan ranks about average in nutrition and certain health indices. It also possesses a relatively more developed structure in terms of urbanisations and industrialisation. On the other hand, it is below average in educational attainments and in the rate of savings and it has one of the highest rates of population growth.

AFGHANISTAN

The Finance Minister said that the impact of Afghanistan situation on the country's defence was evident. He said Pakistan had peaceful designs but could not ignore its defence needs. He said Pakistan would seek foreign assistance to meet its defence needs but without staking its independent and non-aligned status. He said the task of providing development and defence needs in the unfavourable world was stupendous but with the will to survive and by offering sacrifice he was confident the nation would surmount the problems.

The Minister pointed out that among other things there was need of raising the saving rate. This requires a spirit of self-denial and longer term view of the society on the part of the people along with policies and programmes by the state to promote investment, reduce government consumption and keep private consumption within reasonable limits.

The Minister quoted the verses of the Holy Quran which emphasised on keeping a balance between the being extravagant and miserly.

The Minister said that efficiency called for more competition, appropriate price structure, competition in exports, domestic markets and improved performance of public enterprises.

Budget at a Glance

Head	(Rs. in million)		
	1980-81 (Budget)	1980-81 (Revised)	1981-82 (Budget)
Expenditure			
Current Expenditure	31374.7	31818.1	36843.3
Development Expenditures)	26464.0	26430.9	29593.7
Total:	57838.7	58249.0	66537.0
Resources			
A. Internal resources	41368.7	42901.0	43057.3
(I) Revenue receipts (Net)	38256.5	38310.3	42469.7
(II) Capital receipts (Net)	193.2	1273.9(-)	2641.5
(III) Provincial contribution	692.5	1297.9	1236.7
(IV) Autonomous bodies self-financing	2226.5	2018.9	1992.6
B. External Resources	12969.7	10981.5	14206.0
Total A and B:	54338.7	53882.5	57263.3
Resources Gap.	3500.0	4366.5	9273.5

Stress on Transport and Power in ADP

Islamabad, June 25: A national development outlay of Rs 29,594 million as against last year's Rs 26,430 million has been planned for 1981-82 in the next year's Budget which was broadcast by the Federal Finance Minister, Mr Ghulam Ishaq Khan, this evening. The total development outlay includes Rs 23,694 million for the Federal ADP, showing an increase of 9.8 per cent over the last year, and Rs 5,900 million for allocations to the provincial development programmes, an increase of 19.5 per cent.

In the Federal ADP, power has the largest share, 21 per cent, followed by transport and communication 20.7 per cent, water 14.2 per cent, agriculture 12.3 per cent, fuels 7.3 per cent, physical planning and housing 3.1 per cent, and industry 11.8 per cent.

It has been decided as a matter of policy to curtail the role of public sector in industry to the maximum extent. But as in the previous financial year and in spite of resources constraints, funds have been provided for completing the ongoing projects and undertaking such projects as directly affect the welfare of the masses.

The ADP for 1981-82 has been prepared "with full confidence and belief that the economy can sustain a growth rate of about 6 per cent", the budget documents said, adding "it is expected that provinces will also contribute substantially to their respective ADPs for the year 1981-82 because in the revised estimate for 1980-81 they have contributed more than 87 per cent over the budget".

Of the Federal allocations to the provincial ADPs Rs 3200 million will go to Punjab, Rs 1194 million to Sind, Rs 1006 million to NWFP and Rs 500 million to Baluchistan. The Provincial ADPs include priority programmes of Rs 3373.6 million—Agriculture, Rs 709.4 million, Water Rs 437.9 million, Industry Rs 92.8 million, Transport and Communication Rs 235 million, Physical Planning and Housing Rs 870.1 million, Education Rs 456.0 million, Health Rs 251.5 million, Rural

Development Projects Rs 3189 million.

The Budget documents did not specifically spell out the resources to meet the cost of the total development outlay. However, they showed that surplus available for ADP financing from internal resources on the basis of existing calculations was Rs 5877 million. They also showed that the inflow of external resources for the year 1981-82 was estimated to increase substantially to Rs 10065 million over Rs 10015 million (revised) of 1980-81 or by 39.3 per cent. The increase is expected in project aid of Rs 6966 million, in commodity aid of Rs 1774.3 million and in food aid of Rs 478 million.

SALIENT FEATURES

Chirring out salient features of the national programmes of the Federal ADP, the budget documents said the major components of power sector programme consisted of WAPDA and PAEC development schemes. Out of the total provision of Rs 6967 million, Rs 4000.8 million or 57 per cent was marked to WAPDA for generation, transmission and power distribution and village electrification. A provision for setting up of small hydel under 75 KW has also been included to power enterprises. A provision of Rs 100 million has been made for Azad Kashmir Federally Admin-

istered Tribal Areas and Northern Areas. This includes setting up of small hydel power stations, erection of transmission lines, setting up of sub-stations and extension of distribution facilities.

Transport and communications which has been given the second largest share with a provision of Rs 235 million includes development of Pakistan Railways which has been allocated Rs 1300 million — 54 per cent of the total. The next largest share goes to telegraph and telephone with a provision of Rs 900 million. The requirement of major projects has been Quana have been protected. Roads and bridges with a provision of Rs 287 million get the third highest allocation of the sector.

For water an increase of 58.3 per cent over the preceding year has been made. Of the total provision of Rs 1384 million, Indus Basin — Tarbela and surface irrigation has the largest single share of 78.7 per cent of Rs 1080 million. Provision of Rs 955 million has been made for SCARP accelerated programme. Funds earmarked for Azad Kashmir, Northern Areas and FATA-OC amount to Rs 77 million. A provision of Rs 200 million has been made for Federal Flood Commission. Provinces have also been made for Chashma, Right Bank Canal, Huh Dam, Khanpur Dam, Kalabagh Dam.

In the agriculture sector of the total allocation of Rs 709.4 million nearly 88.3 per cent or Rs 626 million is earmarked for fertilizer subsidy. The provision for fertilizer subsidy in 1981-82 shows a decrease by 20.4 per cent. However, provision including fertilizer subsidy, increased from Rs 701.9 million in 1980-81 to Rs 729.8 million in 1981-82 showing an increase of Rs 27.9 per cent. Food-grain storage has been given a special consideration, increasing the total provision to Rs 684.8 million in 1981-82. An allocation of Rs 179.8 million has been made for research on crop production.

INDUSTRIAL SECTOR

In the industrial sector the allocation of Rs 92.8 million is primarily aimed at protecting the past years requirements of PASMIC, PIDC, State Engineering Corporation, FCCL, National Fertilizer Corporation, PACO etc. Increased provision of Rs 100 million has been made in the ADP for the establishment of Export Processing Zone. Greater private initiatives in the industrial growth, specially of sugar mills and cement are expected during the year.

For the fuels sector a provision of Rs 176.5 has been made against last year's allocation of Rs 1900 million. This is primarily due to an acceleration

in the exploration and development in the drilling of wells proposed during the year 1981-82. For the purpose OCINCO has been allocated Rs 1000.8 million. It is expected that the domestic production of crude oil will increase during the year.

For physical planning and housing a provision of Rs 141.2 million has been made against Rs 86.1 million in 1980-81. This is due to increased allocation for the completion of Hunjra Dam, construction of additional Government bungalows, construction of road, dental accommodation for Government servants at Islamabad, Lahore and Karachi and other civil works.

EDUCATION

Education has the substantial growth in the ADP allocation of Rs 675.1 million for the year 1981-82 as against Rs 491.1 million in 1980-81 showing an increase of 33.5 per cent.

A provision of Rs 402.9 million has been kept for health sector during 1981-82 as against Rs 312.8 million in 1980-81 registers the growth of 28.8 per cent in ADP allocation. Provision for completion of civil works of the Baluch Medical College Quetta, Arab Medical College, Abbottabad, Islamabad Hospital, and construction of Children Hospital Islamabad and Nuclear Medical Centre, has been made in Annual Development Programme. The programme 1981-82 is a step towards improvement of health facilities in rural areas.

A provision of Rs 165.6 million has been made for population welfare programme in 1981-82 as compared to Rs 160.0 million in 1980-81, showing an increase of 3.5 per cent.

For the development of sports and culture a provision of Rs 172.8 million has been provided in Federal ADP this year. Sports has the largest share of Rs 100.0 million.

For rural development programme a separate provision of Rs 78.5 million has been made in 1981-82 against Rs 65.1 million in 1980-81, showing an increase of 19.1 per cent. This provision will be utilized by the Rural Development Organisation and the newly elected representatives of Local Bodies for the implementation of the specific development projects.

A provision of Rs 70.7 million

has been made for the special programme for women as against Rs 50.0 million in 1980-81, showing an increase of 20.0 per cent.

For mineral a provision of Rs 114.9 million has been made during the year 1981-82 as against Rs 83.7 million in 1980-81 or an increase of 37.1 per cent, with major loans in the development production of those minerals which would ultimately feed the Pakistan Steel Mills and reduce its dependence on imported stocks. Work on the feasibility study of Sakhi-Jah integrated mineral project at Chaghi District will remain in progress. The provision has been increased to Rs 45.0 million for this project.

An allocation of Rs 183.9 million has been made for the development schemes of Pakistan Television Corporation and Pakistan Broadcasting Corporation as compared to Rs 111.5 million in 1980-81 showing an increase of 65.3 per cent.

For manpower an increase provision of Rs 66.6 million has been made against Rs 13.1 million in 1980-81 specially for the establishment and development of national vocational training project, an increase of 409.0 per cent.

A sum of Rs 37.0 million is provided for relief operation in earthquake effected areas.

A provision of Rs 15.0 million has been made for social welfare sector in 1981-82 as against Rs 7.8 million in 1980-81 showing an increase of 93.0 per cent. The programme envisage continuation and expansion of various social welfare programmes, with special emphasis on child welfare, women welfare, rehabilitation services and promotion of voluntary social work at Federal and Provincial levels.

Highlights

- Most balanced budget for years, oriented toward development and investment and also providing three lives.
- Emphasis on energy and agriculture.
- Economy cut in expenditure on administration.
- Streamlining of tax administration.
- Continuous growth of exports.
- Relief provided to fixed income groups.
- No increase in prices of petrol, diesel and kerosene oil.
- Prices of wheat and sugar rationalized.
- Duties reduced on many raw materials.
- Sales tax rate reduced from 10 per cent to 13 1/3 per cent.
- Rates of custom duties rationalized.
- Rate of gift tax reduced to half.
- Small businessmen given income tax relief.
- Professional writers and poets given income tax concessions.
- Minimum increase in 14 monthly emoluments of low-grade salaried group. In larger towns will be Rs. 76 appropriate income given to higher grades.
- Carpet and leather goods industry supported and given cash compensatory relief of 13 1/2 per cent on exports.
- Self-employment scheme to be applicable to all tax payers.
- Rs. 1000 million allocated for community social and economic services against the previous year's allocation of Rs. 1005 million, showing an increase of 13 per cent.
- More funds being allotted for national defence, showing an increase of 543 crore rupees.
- Provincial share in Federal taxes increased from 782 crore to 886 crore rupees.
- Surcharge on super tax reduced by five per cent.
- Tax relief for new houses constructed between 1st July 1961 and 30th June 1962.

Summary of Taxation Proposals

Karachi DAWN in English 26 Jun 61 pp 1, 24

(Text) ISLAMABAD, June 26. The following is the summary of the tax measures in the 1961-62 Federal Budget announced today by the Finance Minister Ghulam Ishaq Khan:

1A. INDIRECT TAXES

(i) CUSTOMS

1. To rationalize the Customs tariff, the present ad valorem rates are being reduced from 42 to 18 and compound rates of some items are being converted to single specific rates.

2. Rate differences on account of minor variations in being removed in the following cases:

(i) Manganese dioxide falling on different headings is being charged to a uniform rate of 4 per cent duty plus 10 per cent sales tax.

(ii) Cigarettes (power classified) in three headings is being subject to a uniform rate of 40 per cent duty.

(iii) A uniform rate of duty of Rs 60 per kg is being prescribed on man-made yarn of all sorts.

(iv) Candles and fuses upto 800 volts is being subjected to uniform rate of duty of 65 per cent.

(v) Clocks all sorts are being charged to uniform rate of duty of 120 per cent.

3. Ad valorem rate of duty at the rate of 120 per cent on electric sheet is being converted into specific rate of duty Rs 25 per kg.

4. Duty on toilet paper cut to size and shape is being increased from 85 per cent to 120 per cent.

to streamline its rate vis-à-vis the rate on paper in rolls, which is 100 per cent.

5. Rate of duty on hydrogen peroxide is being reduced from 65 per cent to 40 per cent.

6. As a measure of protection to local industry, import duties are being enhanced on the following eight items:

(i) Natural wax from 70 per

cent to 120 per cent.

(ii) Asbestos from 70 per cent to 85 per cent.

(iii) Carbon black from 70 per cent to 85 per cent.

(iv) Sulphur black from 70 per cent to 85 per cent plus 10 per cent sales tax.

(v) Cement coloured and white to 20 per cent and cement gray 10 per cent.

(vi) Plastic moulding compound and resins from Rs 11 per kg to Rs 13 per kg.

(vii) Man-made fibre from Rs 15 per kg to Rs 20 per kg.

(viii) Sanitary ware, kitchenware and tiles from 120 per cent to 150 per cent.

7. To encourage local printing of airline tickets and baggage tags, duty-free impression given to imported tickets and tags is being withdrawn.

8. Duty on wood veneer is proposed to be increased from 100 per cent to 150 per cent at an intermediate rate between the rates on wood lat and plywood.

6 To encourage mechanization of agriculture.

(i) C&D imports of components for local assembly of agricultural tractors is being allowed outright duty free exemption.

(ii) Spare part imports for tractors by authorized assemblers upto 20 per cent of the value of imported tractors are being allowed at a uniform rate of 10 per cent.

(iii) Duty on bulldozers, snail dozers and levellers is being reduced from 40 per cent to 20 per cent with no Sales Tax.

14. Duty on imported wet blue goat and sheep leather is being exempted completely.

15. Duty on dyes and moulds is being reduced from 10 per cent to 20 per cent with no Sales Tax.

16. Singles filament bulbs for use in miner's safety lamp are being exempted from duty.

17. Duty on handling equipment for containers required at sea ports is being reduced from rates ranging from 40 per cent to 65 per cent to a uniform rate of 20 per cent with no Sales Tax.

HEALTH SECTOR

18. Relief is being provided as under to the health sector:

(i) Dental materials and preparations are being exempted completely from duty.

(ii) Diagnostic reagents, non-oral, imported in kit form, are being accorded total exemption from duty.

(iii) X-ray film processors are being allowed duty-free concession.

19. Duty is being reduced on watches from 65 per cent to 60 per cent.

20. Export rebate on art silk fabrics is being reduced from 42 per cent to 32 per cent and on dyed and printed variety from 45 per cent to 35 per cent.

21. Compensatory rebate of two-fra and a half per cent is being allowed on export of hand-knotted woollen carpets and leather goods.

22. Import of machinery by leather industry is being allowed duty free concession.

23. Import by Gem-Stone Corporation for machinery required for cutting and polishing of Gem-Stones is being allowed duty free concession.

24. Baggage rules for non-tourist are being revised to allow duty-free concession to radio-cassette recorder imported in baggage and to subject baggage import of washing machine and gas appliances at 125 per cent.

25. Penal charges on the goods which remain warehoused over

one year, is being revised from high per cent per annum to 120 per cent per month.

(II) CENTRAL EXCISE

1. Tyres and tubes for motor cycles, scooters and auto rickshaws have been exempted from Central Excise Duty and Sales Tax.

2. Killing yarn will be charged to duty at the rate of rupees one per kg.

3. Rate of duty on woollen fabrics, other than carpets, rugs, blankets shawls and 'lakis' has been linked with retail price.

4. Exemption to metal containers manufactured in a factory which is not equipped with any plant and machinery capable of being operated with aid of power, steam or natural gas has been restricted to cottage industry only.

5. Exemption to metal container meant for packing of vegetable ghee and kerosene oil has been rationalized. Now, the said exemption will be available to the manufacturers of vegetable ghee and kerosene oil in all circumstances.

(III) SALES TAX

1. The standard rate of Sales Tax on domestically produced goods has been reduced from 20 per cent to 12.5 per cent. Consequently, all rates above 12.5 per cent viz 15 per cent, 20 per cent, 25 per cent and 30 per cent are abolished.

2. Six commodities viz asbestos waste, paper and cover board, tyres and tubes, calcium carbide, automobile parts and artificial leather and retine will continue to be charged at the existing rates which are lower than the new standard rate of 12.5 per cent.

3. Chipboard, and particle board having a thickness of more than seven mm will be exempted from Sales Tax.

4. Domestically-produced sodium sulphide has been exempted from Sales Tax.

5. No Sales Tax will be levied on locally produced nuts, bolts and screws, including wood screws.

6. Sales Tax on low-priced footwear has been removed. Now Sales Tax will be levied at the new rate of 12.5 per cent on all types of footwear whose retail price is more than Rs 125 per pair.

7. Domestically-manufactured tins of all descriptions will be liable to tax at the new rate of 12.5 per cent.

8. Sales Tax on imported para-formaldehyde has been withdrawn.

9. To restrict the cottage industry exemption to genuinely small

units, the term "capital employed" has been defined to include every type of capital including borrowed capital invested in fixed and current assets. The value of machinery and fixtures obtained on rent lease will form a part of capital employed. But value of business premises will not be considered while computing capital employed.

B. DIRECT TAXES

(i) Tax relief to non-salaried persons in small income brackets has been provided.

2. The monetary limit of investment for the purposes of tax rebate has been raised from Rs 45,000 to Rs 65,000.

3. The rate of surcharge on companies has been reduced from 10 per cent to five per cent.

4. For the purposes of surcharge in case of financial institutions the limit of reserves has been raised to 300 per cent.

5. Exemption from tax has been granted to new residential houses constructed between 1st July, 1981 and 30th June, 1983, and having annual value upto Rs 10,000. For Islamabad the exemption limit for new houses is Rs 24,000.

6. Rate of initial depreciation on plant and machinery has been raised from 25 per cent to 40 per cent.

7. In case of assets used in the exploration and extraction of petroleum when exported out of the country only initial depreciation shall be charged to tax.

8. The limit on cost of motor cars for depreciation purposes has been raised from Rs 1,00,000/- to Rs 1,50,000/-.

9. In case of road transport vehicles, other than motor cars, the actual cost shall be taken for the purpose of depreciation.

10. Pakistani companies engaged in the exploration of selected

minerals have been given exemption for five years, and on the expiry of the five years, tax on such income shall be charged at 50 per cent of the normal rate for next five years.

11. Domestic companies exporting carpets and engineering goods shall be allowed expenditure on account of publicity and free sampling abroad at the rate of 1-1/3 times of the actual expenditure.

12. Exemption of income derived from rendering of technical services abroad to a foreign enterprise has been extended to non-company taxpayers also.

13. Profits paid or credited to profit and loss sharing (PLS) accounts shall be allowed as business expense to the banks.

14. Income Tax rebate shall be allowed on investment made in purchase of Modarba Certificate.

15. Investment in participation term certificate shall be eligible for purposes of interest allowance subject to the monetary and holding period limit.

16. Income derived from Modarba has been exempted singly or in aggregate with other dividend upto Rs. 15,000/-.

17. Income from FLS accounts alongwith dividend income, if any, shall be exempt upto Rs. 15,000/-.

18. Income from participation term certificate shall be exempted alongwith debentures income upto Rs. 5,000/-.

19. Return on advance tax payments has been raised from four per cent to six per cent.

20. Income of a non-professional writer shall be exempt upto Rs. 25,000/-.

21. A professional sportsman has been allowed exemption in respect of income from one benefit match.

22. The date for filing of return in non-company cases has been shifted to first October.

23. In case of private limited companies with the paid up capital of Rs. 20,00,000/- or more audit by chartered accountants or cost management accountants has been made compulsory.

24. CBR has been empowered to disclose any particulars of a tax-evader to public.

25. For determining the residential status of an individual the period of stay in Pakistan has been increased from 90 days to 180 days.

26. In case of taxpayers paying advance tax, the rate of collection of tax at import stage has been reduced to one and a half per cent of the duty paid value.

27. In case of professionals, the limit of payments for the purposes of deduction of tax at source has been reduced to Rs. 10,000/-.

28. The auctioning authorities like Government, public companies etc. shall collect tax at source at the rate of three per cent of the price of goods auctioned.

29. The self-assessment scheme has been reviewed and modified.

30. Amendments of technical nature have been made in sections 2, 12, 16, 25, 31, 47, 92, 128, 164, 167 and schedules.

31. Amendments made during the financial year 1980-81 under Section 167 have also been incorporated.

(II) WEALTH TAX:

1. A concession has been allowed to those persons who did not furnish wealth tax returns in the earlier year. If they furnish returns for earlier years by 1-4-1981.

(III) GIFT TAX:

1. The gift tax rates have been reduced as under:

On the first Rs. 50,000 of taxable gifts — from five per cent to 2 per cent.

On the next Rs. 1,00,000 of taxable gifts — from 10 per cent to 5 per cent.

On the next Rs. 1,50,000 of taxable gifts — from 30 per cent to 7.5 per cent.

On the next Rs. 5,00,000 of taxable gifts — from 40 per cent to 10 per cent.

On the next Rs. 10,00,000 of taxable gifts — from 25 per cent to 20 per cent.

On the balance of taxable gift — from 30 per cent to 25 per cent.

2. Amendments of procedural nature are being made in the Gift Tax Act on the lines of the provisions of the Income Tax Ordinance, 1979—APP.

NATIONAL ECONOMIC COUNCIL APPROVED ANNUAL DEVELOPMENT PLAN

Islamabad THE MUSLIM in English 17 Jun 81 p 4

[Editorial: "Annual Development Programme"]

[Text] THE National Economic Council has approved next year's Annual Development Programme, prepared within the framework of the Fifth Plan whose time-span has now been extended to six years from the original five years. The increase in the development outlay over last year's expenditure is mere eight per cent, which is not likely to make any significant contribution to the already very slow pace of development. That the new programme accords high priority to agriculture, rural, energy and social sectors and that it has allocated more money for these sectors is a matter of satisfaction, but by retaining the outdated development concepts in these sectors, the planners have circumvented the nation's ability to make any significant gains in this regard. Without drastic land reforms the proposed expenditure on the development of agriculture, rural and social sectors would only go the way the previous outlays did. The big landlords would grow richer, rural masses would become poorer, agriculture production would become more and more dependent on weather, and the benefits of social welfare would remain out of the reach of the country's masses. Take for instance, the Government's claim that this year the country had a bumper wheat crop, and increases in fertiliser and sugar output. But the prices of these items instead of coming down, have gone up.

It has been claimed that the new programme has been drawn up with the firm determination that serious endeavour will be made to step up internal resource mobilisation and restrain non-essential expenditure. This sounds like a cosmetic claim because the Government's ability to step up internal resource mobilisation is very much limited. On the other hand, according to its own statistics, savings rate in the country was still very low compared to other developing countries with similar income levels. Indeed, during the current year, shortage of internal rupee resources forced the Government to cut down the ADP by about 30 per cent. And if there is any truth in the matter that the Government owes nearly Rs. 18 crore to Punjab sugar mills and Rs. 38 crores to the Sind sugar manufacturers, then the situation would appear to be rather dangerous. If the sugar mills have not been paid, the sugar-cane growers too may not have received their payments from the mills. That means they would not have enough finances for not only not increasing their sugar-cane production next season, but they may even cut down on their investment this

season. Government's ability to increase internal rupee resources has been further curtailed by the slipping out of the rupee from white channels into black routes at a very high pace. Foreign remittances which have, in a way proved a blessing to this foreign exchange starved country, have contributed significantly to this white-to-black conversion. Today you can buy even millions of dollars in this country. Those overseas workers who wish to have a lump sum of amount for which they do not have to be accountable, sell their dollars to money sharks outside the country against payment of black rupee inside. This channel is also being used by those, who wish to transfer their assets out of the country.

The promise to curtail non-essential expenditure is made as a matter of form. One look at the rate of increase on Administrative expenditure over the last four years, would satisfy anybody that unless the entire concept of cost-benefit ratio in this respect is changed, there will never occur any meaningful slowing down of non-essential expenditure. The authors of the plan have, however, not talked of unproductive expenditure, which forms a major portion of our development and non-development outlays. In developing countries, the aim of development programmes is essentially to encourage equitable distribution of wealth. But the authors of the new programme have claimed to have adopted the strategy of equitable efforts and efficiency. The people of this country have been making Herculean efforts at a very high level of efficiency to attain self-reliance for the last 33 years. It is only because of irrational official planning and unpatriotic attitude of the moneyed class of Pakistan, that the fruits of this labour have remained out of the reach of the common man. And the principle of equitable efforts and efficiency on which the new plan has been based is likely to cause more frustration and heart breaks among the people of this country.

Reviewing the current year's progress the Council has talked of a 20 per cent growth in exports, half of which was due mainly to higher international prices and not because of higher quantum of exports. This is a serious situation. More so, because the country's ability to reduce its dependence on imports has not improved significantly during the last four years, whereas the export-import gap has more than doubled. This year, we could keep the balance of payments deficit at a very low level, mainly because of increase in foreign remittances and receipt of nearly 500 million dollars from IMF's Extended Fund Facility of 1.7 billion dollars for a three-year cycle. Also the debt rescheduling facility accorded to Pakistan for this year allowed us to postpone debt repayment and service charges amounting to 334 million dollars to a future date. Clearly our inability to pay our dues in time has forced us to incur increased debts. This is no matter for rejoicing. The increased quantum of aid promised to us by the international aid agencies and friendly countries does not guarantee any change in the domestic economic situation. On the one hand, we claim that the fertiliser production in the country has increased, but on the other, we are forced to import fertilisers at the previous levels because the commodity aid pledged to us envisages so. If aid is meant to promote the trade of aid-givers and discourage recipient's ability to reduce its dependence on foreign assistance, then the people of Pakistan are decidedly being taken for a ride.

PML, JUP ALLIANCE ENDORSED

Karachi DAWN in English 21 Jun 81 p 1

[Text]

ISLAMABAD, June 20: The Executive Committee of the defunct Pakistan Muslim League at an informal meeting, presided over by Pir Sahib Pagaro here today, formally endorsed the Muslim League's alliance with the Jamiat Ulemaa Pakistan, and decided to expand the alliance at city, district and provincial levels in order to organise public opinion for "ideological stability, the country's integrity and restoration of democracy".

Replying to newsmen's questions later, Pir Sahib said he had also held talks with the defunct Jamaat-i-Islami President, Mian Tufail Mohammed, and Prof. Oshafoor Ahmad, and the Jamaat also was likely to join the alliance. Talks with some other parties whose names he did not want to mention at present were also going on.

Today's meeting was also attended by Mohammad Hussain Chattha, President of the Chatthan group of the Muslim League. Mian Mumtas Mohammad Khan Daultana and some other prominent members of their group which supported Pir Sahib's claim that a large number of members of the other two factions of the Muslim League, including the Qayyum group, were coming back to the party led by him.

The meeting was informed in detail of the efforts to form an alliance with other like-minded parties and hope was expressed that the efforts to expand the alliance between the Muslim League and the defunct Jamiat Ulemaa Pakistan on the basis of five points will shortly produce positive result.

Mian Mumtas Daultana informed the meeting of the details of his meetings with the leaders of the other factions of the Muslim League and expressed the hope that misunderstandings between them would be re-

moved soon and the groups led by Khawaja Khairuddin and Khan Abdul Qayyum Khan would also preassemble on the same platform to complete the "great ideological objective" of the Muslim League.

PAGARO - ZIA TALKS

Pir Sahib informed the meeting of his talks with President Gen. Zia-ul-Haq.

Replying to newsmen's questions after the meeting, held at his residence here, Pir Sahib said his offer to President General Zia-ul-Haq of the office of the Muslim League presidency was still valid but so far he had not responded. But if he ever did, there was a set procedure for contesting the presidency.

He said the Muslim League was a party of moderates—left of the defunct Jamaat-i-Islami. But they along with the JUP could co-operate effectively for the common objectives.

VIOLENCE, LAWLESSNESS IN EDUCATIONAL INSTITUTIONS ACTED UPON

Karachi MORNING NEWS 21 Jun 81 p 4

[Editorial: "Curbing Student Violence"]

[Text] The promulgation of Martial Law Order No. 148 by the Martial Law Administrator, Zone 'C' to curb the violence and lawlessness in educational institutions in Sind will be hailed by all the patriotic elements in the country. The strict enforcement of the new order will purge the universities and other institutions of the lawless elements and provide a healthy and peaceful academic atmosphere to the overwhelming number of students dedicated to their studies. During the last few years violence and lawlessness in educational institutions has assumed menacing proportions and it has become necessary to adopt stern measures to stop this tendency. The agitational politics pursued by an insignificant minority in the educational institutions is more than a mere irresponsible show of waywardness of youth. There is a sinister purpose behind it. To understand its true meaning it should be seen in the wider national perspective. Since the very inception of Pakistan, certain elements, operating under various covers, have been working to undermine the sovereign and ideological foundations of the country. The agitation and terrorism by rowdy elements in universities and colleges is part of the same anti-national pursuit. But being in a hopeless minority, pitted against an overwhelming and monolithic majority, these people stand no chance of getting any foothold anywhere in the country through normal democratic process and therefore take recourse to violence and terror which serves the twin purpose of making their presence felt in the society and of preventing a peaceful evolution of the country towards a settled order where democracy and Islam could be nurtured under favourable conditions. Their antagonism to Islam and to the people working for the restoration of Islamic order in the country, is evident from the fact that the student recently murdered at the Karachi university campus by some lawless persons was dedicated to the cause of Islam. According to all available evidence, it was the same set of killers that later on hijacked the PIA Boeing to Kabul and caused some very anxious moments to the nation.

The role played by the lawless elements in universities, colleges and other educational institutions has always been negative. Their sole purpose has been to destroy peace and sanctity of all these places. In the past there have been instances of rowdy students occupying the offices of the Vice-Chancellor or the Registrar and demanding their resignation on the ground that they had failed to solve the problems facing the institution. There was one ill-mannered

Vice-President of the Karachi University Students Union who occupied the chair of the Vice-Chancellor while he was delivering his convocation address. In the absence of strong action against such rowdies they became so bold with the passage of time as to take recourse to violence, terror and murder. Subversive literature and arms were stored in hostels and acts of violence were committed against passengers travelling by buses. Indeed, there was not much to distinguish such students from ordinary lawbreakers. It is high time to curb them. We hope under the new ML order, the lawless elements operating in educational institutions in the garb of students will be weeded out.

CSO: 4220/336

ABOUT 500 CRORE RUPEES TO BE SPENT ON AFGHAN REFUGEES DURING 1981

Karachi DAWN in English 26 Jun 81 p 16

[Text]

PESHAWAR, June 25: About five hundred crore rupees will be spent on the upkeep of over two million Afghan refugees lodged in NWFP and Baluchistan during the current calendar year, Brig. (retd) Saad Ashar, Chief Commissioner for Afghan Refugees said here yesterday.

Talking to 'APP' Brig. (retd) Saad Ashar said that the figure included about two hundred crore rupees to be spent by Pakistan from its resources, on account of maintenance, allowance and the expenditure on internal transportation of relief goods, such as food, tents, medicines and other humanitarian assistance articles to the camps. The rest of the funds in the form of commodities were being provided by the United Nations High Commission for Refugees and the World Food programme.

He stated that generation of about two hundred crore rupees from its own resources, was a major burden on Pakistan and the government was taking up the question of such assistance with the Consortium countries. The government and people of Pakistan were sharing the burden purely on humanitarian considerations, he said.

Asked about the facilities proposed to be expended in various sectors such as education, health, self-reliance programme etc, Brig. (retd) Saad Ashar said that the number of primary schools at the refugee camps was being increased from 51 to 120 by the end of 1981. Besides, medical, water supply, carpet weaving and vocational training facilities were also being expended, he said.

He stated in reply to a question

that Mardan, Hazara and Malakand were being opened up to the Afghan refugees, and a considerable number of the migrants would be shifted to these areas. It had been decided to shift the refugees from Peshawar to reduce pressure here. New arrivals in Peshawar would also be taken to Mardan. Seven new camps were also being set up in Hazara division — three each in Abbottabad and Mansehra and one in Kohistan district.

He revealed that the Japanese Government was providing sheets and poles for sheltering the Afghan refugees. He hoped that this material would be available in September next and would help overcome the shortage of tents to a certain extent.

Brig. (retd) Saad Ashar expressed satisfaction over the functioning of the commissariates of Afghan refugees in NWFP and Baluchistan and said that they were tackling this colossal problem admirably. Even foreign dignitaries and experts were appreciative of the manner in which Pakistan was looking after these refugees, despite its limited resources, he said.

He said that the administrative structure of the commissariates in NWFP had been strengthened and almost all the vacancies of officers cadre were now filled.

To another question, the the Commissioner of Afghan refugees revealed that the governments of NWFP and Baluchistan had taken a serious view of the complaints of bogus registration and were already taking stringent steps to deal with the culprits. Effective checking of registration had been taken in hand, he said.

He added that it was government's endeavour to avoid friction between the refugees and the locals and was glad to note that no

such major incident had taken place, except pressure of such a large number of refugees on the soil of Pakistan.—APP

HIGHLIGHTS OF ECONOMIC SURVEY FOR 1980-81 RELEASED

Karachi DAWN in English 25 Jun 81 pp 1, 4

(Text) Following are the highlight of the Economic Survey for 1980-81 released here today by the Government.

- Economy attained significant gains in both physical and financial terms.
- Gross National Product (GNP) recorded an increase of 5.5 per cent with an average growth rate of seven per cent.
- The commodity producing sector increased by six per cent.
- The rate of advance in the services sector slackened to 5.4 per cent in 1980-81 from 6.2 per cent of last year.
- The consumer price index rose from 8.8 per cent of last year to 12 per cent this year.
- The wholesale price index registered an increase of 10.5 per cent in the first three quarters of 1980-81 compared to seven per cent of last year.
- Prices rose mainly because of international inflation.
- Total imports constituted 20.1 per cent of the Gross Domestic Product (GDP).
- The GDP increased by 5.7 per cent.
- Agricultural sector and industrial sector grew by 4.4 per cent and 9.2 per cent respectively.
- The share of agriculture in the GNP stands at 29.36 per cent the largest single sector of economy.
- Major crops recorded highest growth of 4.9 per cent this year.
- The large scale industry grew at the rate of 10 per cent.
- Small scale manufacturing industry recorded an increase of 73 per cent.

--The per capita income at the current factor cost rose 15.9 per cent.

--The country's population has been estimated at 82.49 million on Jan one last,

--Of the total population 23.68 million are in urban and 58.81 million in the rural areas.

--Rural areas registered 2.7 per cent population growth rate and urban areas 4.6 per cent.

--At national level population grew by 3 per cent.

--Energy supply position increased by 13.6 per cent.

--Gas and oil continue to be the leading sources of energy, meeting 78 per cent of the country's needs.

--The present year saw 11.6 per cent increase in the total fixed investment.

--Investment in public sector grew by 10.7 per cent and private sector by 13.6 per cent.

--The monetary expansion was restricted to 112. per cent as compared to 14.7 per cent of last year.

--Deficit financing amounted to Rs. 3587 million, down from Rs. 3860 million on the last year.

--The Federal non development revenue expenditure declined from 14.7 in 1979-80 to 8.4 per cent in 1980-81.

--Merchandise exports rose 20 per cent.

--Home remittances increased from dollar 1700 million of last year to dollar 2100 million.

--Significant stride was made in islamizing the economic system.

--The Profit and Loss Sharing (PLS) deposit account balance reached Rs. 2,182 million by the end of April 1981.

--Alongside the achievement in economic sector, social sector made satisfactory accomplishments.

--Health and educational facilities have been expanded.

PAKISTAN TO EXPORT COTTON WORTH \$50M

Karachi DAWN in English 21 Jun 81 p 12

[Text] Cotton Export Corporation has concluded contracts for export of two million bales of cotton worth more than \$50 million dollars during the current fiscal year and has emerged as the single largest cotton trading organization in the world.

This was stated by the Chairman of Cotton Export Corporation, Mr. Nusrat Hasan in an interview broadcast on national hook-up of radio Pakistan last evening.

Mr. Nusrat said that despite all difficulties, problems and heavy odds the Corporation has created new records in cotton trading during this fiscal year and has already exported 19 million bales of cotton worth \$22 million dollars.

60 P.C. INCREASE

The CEC Chairman said that cotton export during the current fiscal year has shown increase of 60 per cent in value and 32 per cent in quantity over the last fiscal year's export.

He recalled that the government had initially fixed export target of 300.5 million dollars for cotton, which was met in the first seven months of 1980-81, after which it was raised to 400.5 million dollars. This target for cotton export, he said has

also been surpassed in just eleven months.

Mr. Nusrat said the Corporation has also explored new markets, which indicates the possibility of further rise in cotton export in future.

He said the government has fixed cotton production target of 4.6 million bales for 1981-82 season for which all possible steps have been taken to increase the per acre yield.

The Corporation, he added, plans to set up Institute of Ginning—PPI.

BRIEFS

NATIONALISED BANKS' PERFORMANCE DEFENDED--Lahore, June 19--Mr Ajmal Khalil, President of the Muslim Commercial Bank, today strongly defended the performance of the nationalised banks and said that banks and insurance companies should remain in public sector to ensure a balanced industrial and social advancement. In an interview with the APP here, he agreed that the service standards of nationalised banks had gone down a bit, but said that this happened only because of the rapid expansion of banking sector, including increase in the total number of branches in the country from nearly 500 to above 5,000. He said that service standards of these banks would gradually improve because of the process of in-service training started by various banks under the supervision of the Banking Council. Mr Ajmal Khalil did not agree with a suggestion that interest rates in Pakistan were on the high side. On the contrary these rates were on the lower side, considering the fact that Pakistan has essentially a borrower's economy. He said that banking policy in Pakistan had all along been on the side of borrowers, because large sums of money had been needed for the completion of nationally important projects and for industrial progress. Mr Ajmal Khalil said that the policy of his banks to hold meetings of its Board of Directors at various centres of the country instead of at its Headquarter in Karachi was proving very fruitful. He said the meeting at Faisalabad was the second within three months in the Punjab and would surely help in meeting the credit requirements of this important industrial city of Pakistan. (Text) [Karachi MORNING NEWS in English 20 Jun 81 p 3]

REHABILITATION WORK IN BALUCHISTAN--Quetta, June 19--The rehabilitation work started last year to provide assistance and relief to the persons affected during the 1973-77 disturbed conditions in Baluchistan will be completed before the start of holy month of Ramazan. The Governor of Baluchistan Lt. General Rahimuddin Khan, told newsmen here after inaugurating the one-day seminar at the university auditorium that only Sibi Division and Kohlu Agency are left and these too would be covered by next month. The Governor said he will be visiting Sibi during the last week of this month and will visit Kohlu Agency in the first week of July to finish the rehabilitation work. He expressed his satisfaction over the rehabilitation work so far carried out and said that the assistance provided by the Government has rehabilitated the affected persons who are now leading a contented and happy life. (Text) [Karachi MORNING NEWS 20 Jun 81 p 1]

MANGLA BIGGEST POWER STATION--Mangla, June 29--The 8th unit of Mangla power station with a capacity of 100 Megawatts went into test operation yesterday. Maj-Gen Fazle Raziq, Chairman, WAPDA, who was on a farewell visit to Mangla, switched on the 8th

unit at the power station to roll the giant machine into operation. This has made the Mangla power station as the biggest power station in Pakistan, as it has now the installed capacity of 800 Megawatts. So far, Tarbela was the biggest station and it has four units of 175 Megawatts each with a total of 700 Megawatts capacity. However, Tarbela has now under installation four more turbines each of 175 Megawatts capacity, which when commissioned by 1982-83, will bring it back as the top producer of power in the country. The 8th unit, which rolled today is the second of the two units of 100 Megawatts, which were to be installed under the Mangla Extension Scheme at a cost of Rs 70 crores. The 7th unit was commissioned during the month of May 1981 and has also produced 75 million kilowatt units in the last eight weeks. [Text] [Karachi DAWN in English 30 Jun 81 p 10]

FAZLE HAW OPENS 132-KV GRID STATION--Bannu, June 29--The NWFP Governor Lt-Gen Fazle Haq on Saturday inaugurated the 132 KV grid station, established by WAPDA in Bannu, at a cost of Rs 8.60 crore. The grid station is the second out of seven, being established in NWFP by WAPDA. The first grid station was inaugurated by the Governor at Khar in Bajaur Agency, in the first week of the current month. Speaking on the occasion, the Governor expressed the hope that this grid station would go a long way in the socio-economic uplift of the area. He paid rich tributes to those who had been associated with the job and lauded the fact that his had been completed in a record time. He also appreciated the contribution made by WAPDA, during the last few years, for the development of the province. The Member WAPDA (Power), welcomed the Governor and informed that 200 villages were electrified in Bannu area during the last four years. The construction work of the 220 KV Tarbela-Mardan line was expected to start shortly. Later, the Governor distributed certificates among those who worked for the installation of the grid station. He pushed the power switch, to mark the inauguration of the grid station. [Text] [Karachi DAWN in English 30 Jun 81 p 10]

KOTRI POWER UNVEILING CEREMONY--Hyderabad, June 19--WAPDA Chairman, Maj.-Gen (Retd) Fazle Raziq, will perform the unveiling ceremony of Kotri Power Station extension project (units five and six) on June 21. These two units with a total capacity of 50 MW based on natural gas and high speed diesel oil have been purchased from Japan under a Japanese credit. These two units would help WAPDA in many ways. They would not only eliminate the load shedding of 25 to 30 MW in lower Sind (Hyderabad Division) but would also enable WAPDA to export 15 to 30 MW of power to Karachi Electric Supply Corporation. Apart from this the voltage condition of the entire southern grid would be further boosted up and many more new industrial agricultural domestic and commercial consumers would get supply of power. In particular, the new tube-wells, installed by WAPDA under reclamation project, would get energised and help in fighting the menace of water-logging and salinity. The power of this station would also help improve the loading condition of places such as Hyderabad, Kotri, Thatta, Tando Mohammad Khan, Badin, Mirpurkhas, Hale and Sehwan. The 50 MW Kotri extension project was approved by the executive committee of the National Economic Council in December 1979. [Text] [Karachi DAWN in English 20 Jun 81 p 9]

PILOT PROJECT FOR INTEGRATED VILLAGE ENERGY SYSTEM

Kuala Lumpur BUSINESS TIMES in English 28 May 81 p 6

[Article by Tom Levenson in Manila]

[Text]

THERE are hundreds of villages like Pinamuk An in the Philippines, which is precisely what makes it special to promoters of a new approach to rural development here.

In the next few months, after nearly two years of waiting, Pinamuk An will receive what designers say will be the first attempt to provide an entire community with all of its energy needs in a single package.

The new approach, called the "Integrated Village Energy System" (IVES), emerged out of the frustration some development experts felt with projects that addressed only one of the areas of need in a village at any given time.

"Two years ago, people started asking why someone did not take a village and see what can be done within a system," said Mr Lawrence Ervin, energy adviser to the US Agency for International Development (AID).

"The idea is not new, but this time we are going to do it in a whole village."

The ideas behind the Pinamuk An proposal were formed long before any of the project managers even knew where the community was — on a small island in the Central Philippines. The proposal for the general approach focused instead

on the common problems of underdeveloped rural communities.

In the proposal, proponents argued "for the next decade or longer, a large segment of the rural population will not benefit from the increased energy production of planned electric generating stations." Therefore, the authors stated, their approach "carefully matches the characteristics of a range of alternative technologies with the site-specific characteristics of each basic energy needs."

More than 18 months ago, AID and the Philippine government signalled their approval of the overall idea and the search for a single village and a detailed plan began.

Pinamuk An, a community of 380 families living on a 319-hectare (800-acre) island off the coast of Abian province caught the designers' attention.

According to the Centre for Non-Conventional Energy Development (CNED) it was typical of underdevelopment in the Philippines, had ample untapped natural resources for energy production, and because the village culture embodied a strong "bayanihan" or cooperative spirit.

Ultimately, that strong

spirit has turned into a source of anxiety for those now working on the project. "The problem is that it has taken a while to get it going," said Mr Ervin. "It is hard to tell how excited people are after a year when nothing has happened. There is a very real danger about getting people excited without bringing a cheque or equipment."

The time has been spent two ways: doing the studies on the site, and trying to get final approval for the funds.

In the first stage of the project, the villages told the outsiders what their needs were, with energy surprisingly far down the list.

Mr David Himmelstark, a consultant to the CNED, said that electricity was fourth on their list. "Power production was not a primary issue," he said. "Health and employment had high priorities. But it is easy to connect energy with employment. The main impetus of this project is to strengthen the economy."

When the project actually gets under way, CNED will bring in to the village a variety of techniques, all based on local resources. Mr Himmelstark said the first choices were alcohol from nipa sap collected from palm trees and producer gas byproducts

from the island's coconut resources.

"Some of the technologies have not been tried on a small scale, like alcohol distillation," he said. "However, they make a wine from nipa sap. It just needs to be refined for fuel. For producer gas, they can use coconut husks."

However, while the site survey was taking place, Manila-based officials could not get all the parties together to approve the final funding.

"The biggest part of the delay was the whole review process of projects," he said. "This is the kind of thing that can be argued for days on end. We finally had to say this is acceptable, this is as good as it's going to get."

Final approval is expected soon for the US\$450,000 budget, 80 per cent of which comes from aid funds and 20 per cent from the government of the Philippines.

If the project works in Pinamuk An, it will be tried in two more villages, Mr Ervin said.

But as one CNED researcher wrote: "In the final analysis, the question is not how well did the technology perform, but rather did it help the village residents achieve their development goals." — Reuter

ENERGY PLAN AIMS AT HALVING DEPENDENCE ON OIL BY 1985

Kuala Lumpur BUSINESS TIMES in English 19 May 81 p 6

[Article by Richard Cowper]

[Excerpts]

LIKE so many other Third World countries which produce little or no oil of their own, the Philippines has been badly stung by the soaring cost of imported energy. In the space of less than a decade the country's oil expenditures have jumped from 13 per cent of total import costs to over 30 per cent.

Last year the Philippine oil bill, at US\$2.7 billion, accounted for around 42 per cent of imports and some 44 per cent of total export receipts. The growing alarm which this has produced among senior economic planners has spurred the Philippine government to embark on what many claim is one of the Third World's most ambitious and comprehensive energy programmes.

A 63 per cent increase in the price the government paid for its oil on world markets last year pushed the country's visible trade deficit up 37 per cent to US\$1.9 billion and forced the government further to increase its already considerable foreign debt burden. At the end of 1980 the country's external debt amounted to US\$12.3 billion, up 25 per cent in a year and uncomfortably close to a 30 per cent debt service ratio.

If everything goes according to plan, by 1985 the country will have reduced its dependence on oil from 42 per cent to 20 per cent. But even more potentially exciting is its newly proclaimed target of increasing the indigenous energy content from 14 per cent at the end of 1980 to 56 per cent by 1985.

The five-year plan, which is a speeded-up and compressed version of the country's first 10-year comprehensive energy programme produced in 1974, calls for an even bigger effort to tap the country's considerable domestic resources of geothermal energy, coal and hydro-power.

The Ministry of Energy expects geothermal power — the country's rapidly growing star energy producer to increase from 1.42 million barrels of oil (mboe) equivalent now to 10.19 mboe, to account for some 10 per cent of the country's total energy requirements by 1985. Coal, which in 1980 was equivalent to slightly less than one million barrels of oil, is scheduled to increase to 17.5 mboe, to meet nearly 15 per cent of total energy needs, while hydro-power which now represents around 6.27 mboe will increase to 17.1

mboe, accounting for over 14 per cent of the country's energy mix in 1985.

While the outlook for geothermal energy, hydro-electricity and coal looks good, the same cannot be said for domestic oil production. Just three years ago the ministry was looking to an output of 34 million barrels of domestic oil by 1985, but in the face of growing evidence that this was wildly ambitious it cut this target back by nearly 50 per cent last year to 18.3 million barrels — the equivalent of less than two days of Saudi Arabian production. Additional setbacks with the country's three existing oil fields and the absence of significant new discoveries last year have now forced the country's energy planners to reduce this even further. The aim now is to be producing 9.6 million barrels by 1985 to account for just eight per cent of the country's total energy requirements — a far cry from the 27 per cent envisaged just over two years ago.

However, there are some doubts over the energy consumption projections on which the ministry is basing its current programme. Last year, the govern-

ment was forecasting total energy demand in 1985 of 133.7 mboe. At the time some thought this was over ambitious if the economy was to continue to grow as planned at around six per cent in real terms a year. The ministry has now revised this down even further to 120 mboe.

To explore and develop these indigenous energy resources, the government is planning to spend some US\$3.3 billion for oil and gas — current known reserves are put at less than 30 million barrels of oil — the 1981-83 budget for oil exploration and development has been set at just over one billion, by far the largest part of which however is expected to come from foreign oil companies.

Geothermal energy — the country has 28 known geothermal producing areas — is projected to get US\$972 million, while hydropower gets US\$968 million and coal US\$270 million. The rest — some US\$490 million — will go to uranium exploration and the development of an alcohol programme based on cane sugar production in the island of Negros.

The major portion of these newly-developed domestic energy resources will be used to

switch the fast expanding power sector, which currently accounts for some 32 per cent of the country's total energy consumption, away from its dependence on oil. The government expects to spend over US\$4 billion on doubling the country's existing 1,000 Mw capacity by 1985, all of which will be powered by indigenous energy. The investment will, according to the National Power Corporation, save the country from having to import an extra 35 million barrels of oil.

According to Mr Demetrio Paz, vice-president for corporate planning at the National Power Corporation (NPC): "By 1985 we hope to have virtually eliminated oil dependency in the power sector, with the existing oil plants being used largely for reserve and peaking." If everything goes as expected, the country's power sector which in 1980 consumed nearly 18 million barrels of oil, will double its capacity by 1985 and be burning a mere eight million barrels of oil.

Perhaps the most exciting new energy potential lies in geothermal power. Lying in the so-called Pacific firebelt, the Philippines has current proven geothermal energy resources sufficient to generate at least 1,200 Mw of power, with current potential estimated at nearer 1,000

Mw. The country, which currently generates 440 Mw of geothermal power aims to be producing around 1,720 Mw by 1985. Currently the world's second largest geothermal power producer, it believes it will push over the US by 1987 to jump into the No. 1 position.

According to Mr P.V. Malina, vice-president of the government-owned Philippine National Oil Corporation, the government plans to spend some US\$2.2 billion by 1985 on geothermal development of which US\$1.4 billion will be spent on power

station construction. The cost, at around US\$1 million per megawatt compares favourably with an investment of US\$200,000 per Mw for oil-fired power plants. "When you take the cost of buying the oil into account, the economics are far and away in favour of geothermal," he says.

The country's many mountains and high average rainfall also provide it with a large hydropower potential, currently estimated at 7,000 Mw — more than seven times existing installed hydropower capacity. The country has an inventory of 50 potential hydro sites and detailed feasibility studies on 10 of these are under way.

The major problem, however, is cost. Most sites do not permit continuous electricity production to meet base-load demand.

The only serious black mark to an otherwise bright outlook is the very much reduced prospect for domestic oil. Estimates of reserves vary enormously — anything from 100 million to 500 million barrels, but what is clear however is that known reserves left in the country's three existing fields are down to less than 30 million barrels. Despite the enormous exploration programme, new finds have not been forthcoming and most future oil discoveries are now expected to be small fields, whose recoverable oil will be exhausted quickly.

As a result, for the foreseeable future, domestic oil is unlikely to make a sizeable contribution towards solving the country's energy problems. That said, however, newly discovered geothermal and hydropower potential should make up for the loss, and the government has at least a fair chance of meeting half its total energy needs with domestic resources as planned by the middle of the decade. — FT

ALCOGAS PROJECT BESET BY HIGH COSTS, CONSUMER COMPLAINTS

Kuala Lumpur BUSINESS TIMES in English 22 May 81 p 6

[Article by Manolo B. Jara in Manila]

[Text]

THE country's alcogas experiment is sputtering seven months after its launching to test its effectivity as a fuel substitute.

A Ministry of Energy spokesman admitted that the experiment has indeed encountered problems. "But that's no reason why the government should scrap it altogether," he told *Depthnews*.

The problems revolve mainly around complaints of alcogas consumers about its high cost and technical difficulties like poor engine performance.

Besides, the consumers said they did not want to be used as "guinea pigs" in the experiment whose initial test area is in Bacolod City.

The choice of Bacolod City isn't surprising. Negros Occidental in western Visayas is the country's top producer of sugar from which fuel alcohol is derived.

Bacolod motorists and public utility drivers asked why alcogas is being sold at the same price as pure gasoline. (A litre of premium gasoline costs 5.25 pesos (US\$0.70).) They also complained that the alcohol component in alcogas has been increased to 15 per cent from the original 10 per cent when the experiment was launched last November.

Bacolod residents have appealed to President Marcos to intervene and stop the experiment. But so far, the President has not acted on their appeal.

Ministry of Energy officials, meanwhile, remained unfazed by the situation. A spokesman said the experiment will continue.

He said Bacolod residents have complained against the use of alcogas because "it's something new."

In this light, the Ministry has mapped out plans to extend the experiment to other sugar-producing

areas of the country.

Like the Bacolod experiment, the programme will start using a blend of 10 per cent alcohol and 90 per cent gasoline. Eventually, however, the alcohol component will be increased to either 15 or 20 per cent.

It isn't surprising why the Philippines is into the development of alternative energy sources in a big way — it is in a tight squeeze due to escalating oil prices.

And in the government's reckoning, alcogas is one way out of the petroleum squeeze.

As early as 1922, alcohol was already used in the Philippines as substitute fuel for buses, trucks and cars. However, the abundance of cheap gasoline at that time and up to the early 70s provided no incentive for the commercial production of fuel alcohol.

But the switch to alcogas isn't as easy as it seems in the light of the Bacolod experience. "For one thing, alcogas won't be cheaper than conventional gasoline," said the Ministry of Energy spokesman.

"Fuel alcohol produced from sugar-based raw materials (molasses in the case of the Philippines) is fairly costly," he said.

Moreover, alcohol to be blended with gasoline as fuel has to be anhydrous or 99.5 per cent free of water. It needs a special distillery to produce anhydrous alcohol. And the equipment doesn't come in cheap either.

The Ministry of Energy estimates that at least two billion pesos (US\$267 million) is needed for capital equipment alone when the alcogas programme runs on the ratio of 20 per cent alcohol and 80 per cent gasoline nationwide. But this seems still a long way off. — *Depthnews Asia*

TAMIL PARTY SEEKS DIRECT FOREIGN AID

BK261400 Hong Kong AFP in English 1353 GMT 26 Jun 81

[Text] Colombo, 26 Jun (AFP)--Tamil United Liberation Front (TULF) and opposition leader Appapillai Amirthalingam has requested aid agencies abroad to give direct assistance for the development of Jaffna District in the north where the minority Tamils want a separate state, a government spokesman said today.

This matter was discussed at the weekly cabinet meeting today, the spokesman, Anandattasa de Alwis, minister of state (information and broadcasting) told a press briefing.

According to the information the government has, Mr Amirthalingam has requested aid authorities like the World Bank and the International Monetary Fund (IMF) to give aid to the Jaffna District Council separate from aid to be given to Sri Lanka as a whole, he said.

These aid authorities declined to accept Mr Amirthalingam's suggestion and said that they deal only with governments of countries, Mr de Alwis said.

Mr Amirthalingam, is at present on a tour of the United States and Europe and is reported to be seeking support abroad for the cause of the minority community.

The government will decide its policy on the TULF after a debate in Parliament on a motion of no confidence against Mr Amirthalingam, notice of which has been given by some 30 government MPs, Mr de Alwis said.

The TULF, the chief party of the Tamils, is spearheading the move for a separate state in the northern and eastern provinces for the 11.2 percent Tamil minority.

At today's cabinet meeting President J. R. Jayewardene outlined the concessions given to the Tamils in the constitution and told the ministers to express their views on the issue at the no confidence motion debate, the spokesman said.

Meanwhile the government today took the unusual step of distributing to 150 delegates from 40 Commonwealth Parliamentary Association a printed booklet setting out the circumstances under which 27 persons have been placed under detention following acts of terrorism in the north.

These acts of terrorism, including killings of politicians and police officers, gang robberies and bank holdups, the government believes, have been committed by a terrorist group supporting the TULF's demand for a separate state.

The foreign delegates attending the Commonwealth Parliamentary Association meeting had yesterday been bombarded with leaflets from the TULF drawing their attention to what it describes as "the blatant violations of basic human freedoms" in the north and seeking their assistance.

Yesterday President Jayewardene, in a speech at the Commonwealth Parliamentary Association meeting, rebuked some British members of Parliament who had sent cables and letters to him accusing the government of imprisoning people without trial and even murdering people in the north.

Mr Jayewardene told the meeting that those British MPs were "talking through their hats without knowing the facts."

He told the British delegation attending the meeting to tell those British parliamentarians to mind their own business. "There are enough problems in the United Kingdom for them (?to be) concerned [words indistinct]," he said.

CSO: 4220/330

BANDARANAIKE REPORTEDLY SUFFERS PARTY SETBACK

BK291130 Hong Kong AFP in English 0427 GMT 29 Jun 81

[Text] Colombo, 29 Jun (AFP)--Former Prime Minister Mrs Sirimavo Bandaranaike last night suffered a setback to her leadership in the Sri Lanka Freedom Party (SLFP) which she has dominated for the past 21 years.

The SLFP's all-island 375-member strong executive committee, convened to adopt a new constitution for the party, rejected a draft constitution which would have armed Mrs Bandaranaike with additional powers as president.

The draft constitution had been supported by a radical group led by Mrs Bandaranaike's younger daughter Chandrika and her film-star husband Vijaya Kumaranatunge.

Mrs Bandaranaike herself made an emotional speech of nearly 2 hours in support of the draft constitution, party sources said.

The issue of the constitution not only split the party founded by Mrs Bandaranaike's late husband Solomon Bandaranaike 30 years ago but also caused a division in the Bandaranaike family.

Mrs Bandaranaike's son, Anura, leading a group of moderates along with the party's deputy leader, Maitripala Senanayake, vehemently opposed the draft constitution, the sources said.

Yesterday's division in the Bandaranaike family was an extension of a dispute earlier this year over the filling of the parliamentary seat which fell vacant when Mrs Bandaranaike was stripped of her civic rights.

Mrs Bandaranaike backed her daughter Chandrika for her seat at Attanagalla while son Anura was the other candidate. The party's political bureau supported Anura by 12 votes to 5 and for the first time Mrs Bandaranaike found the party going against her wishes.

Both candidates then withdrew apparently in a bid not to widen the family rift and a compromise candidate was found for the seat.

At yesterday's meeting, Mrs Bandaranaike was reported to have said, "I have lost everything and now I am losing my son."

Anura, 32, is reported to have told his mother "you won't lose this son. You may only lose your sons-in-law." Anura is known to have had major differences a few years ago with his eldest sister Sunethra's husband, Kumar Rupasinghe. The couple were later divorced.

The meeting yesterday appointed a five-member-committee to examine the controversial amendments to the constitution. The committee includes Mrs Bandaranaike, Maitripala Senanayake and Anura.

The police enforced security measures outside the party headquarters where the meeting was held posting riot squads and mobile patrols in addition to static guards.

A large crowd was present outside the party headquarters awaiting the outcome of the meeting and both sides were cheered by their supporters when they emerged from the meeting. Anura and Maitripala Senanayake were garlanded.

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WORLD BANK, IMF REFUSE DIRECT AID FOR JAFFNA

BK271202 Colombo International Service in English 1045 GMT 27 Jun 81

[Text] There have been reports that opposition and Tamil United Liberation Front [TULF] leader A. Amirthalingam, who is now abroad, has sought direct aid from aid-giving agencies for the Jaffna Development Council. The matter came up for discussion at yesterday's cabinet meeting. Spokesman Anandatissa de Alwis said according to information, Amirthalingam had made the request for separate aid to Jaffna outside the aid being given to Sri Lanka as a whole from agencies such as the International Monetary Fund and the World Bank. These aid authorities have refused to consider the request, saying they dealt only with governments of countries.

At yesterday's cabinet meeting the president outlined to the ministers the numerous discussions and consultations that had been held with the TULF leadership over the last several years. These included their total participation in drafting the 1977 constitution in which several important minority rights and human rights had been enshrined. President Jayewardene said that he had pointed this out in his address at the Commonwealth Parliamentary Association conference in Colombo. It also referred to the fact that several matters concerning the rights of the citizens had been made justifiable. This meant that any citizen could go to a court of law if he felt he had been denied his rights and could ask for relief.

At the cabinet meeting, several ministers raised the question of future government policy in regard to the TULF. The minister of state said it was agreed that in the forthcoming parliamentary debate of no confidence (of) the leader of the opposition notices have been given there would be free discussion among government members, including ministers, after which the future policy could be determined.

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